

The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF
The Society of Incorporated Accountants
and Auditors



THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Contents.

	PAGE
Professional Notes	385
Special Damages for Breach of Contract (Article)	388
Insolvencies and Third Party Insurance (Article)	389
Unemployment Insurance Finance (Article)	390
Society of Incorporated Accountants and Auditors:—	
Membership	391
Examination Results	396
Municipal Treasurers' Conference	392
Accountancy as an International Profession	394
Obituary	396
Professional Honour	396
Allotment Letters and Certified Transfers:—	
Stock Exchange Sub-Committee's Report	396
Incorporated Accountants' Conference, Sheffield, 1930	397
The Institute's Jubilee	406
Finance Bill and Estate Duty	407
Incorporated Accountants in Paris	410
Incorporated Accountants Golfing Society	410
Finance and other Committees: Paper by Alderman W. Byng Kenrick	410
Registration of Accountants:—	
Institute's Evidence before Departmental Committee	413
Institute of Municipal Treasurers and Accountants	435
Correspondence	437
Public Trustee's Report	438
Reviews	438
District Societies of Incorporated Accountants	439
Changes and Removals	439
Scottish Notes	439
Legal Notes	440

Professional Notes.

IN our last issue we published the case of the Society of Incorporated Accountants and Auditors in favour of Registration for the Profession, as placed by its witnesses before the Departmental Committee of the Board of Trade. This month we print *in extenso* the case against Registration as presented by the witnesses of the Institute of Chartered Accountants in England and Wales.

Thereby we enable our readers to form a judgment on this important matter after viewing it from both aspects.

There are certain points in connection with the Institute's evidence which would seem to call for comment and reply by us, but in our opinion we shall better serve the cause we have at heart if we withhold our observations on the whole matter until the Departmental Committee have considered all the evidence tendered before them, and agreed upon their report. So much has been said for and against Registration during the last forty years that there is no harm in observing a truce for the period during which those who are called upon to report on the matter are taking and considering the evidence of the witnesses. We understand that at the present time representatives of interests unconnected with the profession are being heard by the Committee.

In the House of Commons on June 19th, the President of the Board of Trade stated in reply to a question that the total number of companies on the register at the beginning of this year was 110,099, of which 91,813 were private companies within the meaning of the Companies Act, 1929. It will be seen from Appendix A attached to the evidence of the Institute of Chartered Accountants before the Departmental Committee that the number of companies, particulars as to whose audits have been extracted by the Institute from the Stock Exchange Official Intelligence for 1929, is 5,518. This, it will be observed, is just over 5 per cent. of the total as given by the President of the Board of Trade.

The results of the examinations of the Society of Incorporated Accountants and Auditors held on May 5th to 8th in Great Britain and Ireland, are published in this issue. In the Final examination there were 331 candidates, of whom 45 per cent. passed, and 55 per cent. failed. Honours were obtained by the following three candidates: Mr. Leslie Ernest Passingham, London, Prize and First Certificate of Merit; Mr. Edward Michael Forde, Dublin, Second Certificate of Merit; and Mr. Frank Holland, London, Third Certificate of Merit. In the Intermediate examination the number of candidates was 466, of whom 53 per cent. passed, and 47 per cent. failed. Honours, including two prizes, were obtained by eight candidates. In the Preliminary examination 196 candidates sat, of whom 63 per cent. passed (one with honours) and 37 per cent. failed.

Just after the publication of our last issue Clause 144 of the Cardiff Corporation Bill, which related to the appointment of auditors, came before a Select Committee of the House of Lords, of which the Earl of Lucan was Chairman. After hearing Mr. Tyldesley Jones, K.C., on behalf of the Institute and the Society, and also counsel and witnesses for the London Association of Accountants, Limited, the Committee decided that the words "or of the London Association of Accountants, Limited," should stand part of the clause. Under these circumstances (notwithstanding an opposite decision on the Reading Corporation Bill by the Committee of which Lord Wester Wemyss was Chairman) the Institute and the Society decided not to take further action in regard to the audit clause of any other Municipal Corporation Bill during the current session of Parliament.

Clause 5 of the Coal Mines Bill, which is still engaging the attention of Parliament, provides for the appointment of a National Committee of Investigation charged with the duty of investigating any complaint made with respect to the operation of the Central Scheme, and also for the appointment in every district of a District Committee of Investigation charged with the duty of investigating any complaint made with respect to the operation of the District Scheme. The meetings and procedure of every Committee of Investigation are to be regulated in accordance with directions issued by the Board of Trade for the purpose.

Each Committee has power to employ such accountants, officers, and servants as the Board may, with the approval of the Treasury, determine, and there is a direction that the Board shall pay such remuneration (if any) to the Chairman of the Committee, such travelling and subsistence allowance to the Chairman and members of the Committee, and such remuneration to the secretary, accountants, officers, and servants as the Board, with the approval of the Treasury, may determine, and any expenses of the Board under the sub-section are to be defrayed out of moneys provided by Parliament.

On the Committee stage of the Finance Bill a protracted discussion took place on a number of points. Clause 10, dealing with relief in respect of life assurance premiums, was strongly attacked, and it was pointed out that the course adopted by the Chancellor in framing the clause had departed from the principle which had been

invariably adhered to in the past, viz, that the amount of relief should bear a direct relation to the standard rate of tax in force for the time being. Mr. Snowden ultimately said that he could not resist the appeals which had been made to him, and that before the Report stage he would have amendments drafted to meet the criticisms which had been made.

Clause 11 was also severely criticised. This is the clause which provides that where tax has been over-deducted by a company in paying its dividends the matter is to be adjusted by a reduction of the amount of tax deducted from the next dividend. It was strongly urged that the proper course was for the company to at once make good the over-deduction, as otherwise the benefit might not inure to the person who suffered but to the person who happened to be possessed of the shares at the time the adjustment was made, and the shares might have changed hands in the meantime. The Attorney-General agreed that the clause was complicated, and promised to see whether a better wording could be devised.

The Insurance Companies are evidently dissatisfied with Clause 12 of the Bill, which deals with allowance for the purpose of Sur-tax in respect of interest on loans used for payment of premiums on short term policies, and they have been in consultation with Mr. Snowden on the matter. The postponement of the clause was agreed to, and in the meantime the Chancellor promised to expedite the negotiations with the Insurance Companies so that an agreed clause could be put before the Committee when the end of the new clauses was reached. The Chancellor also agreed to amend the wording of Clause 14, which is designed to remove a hardship in relation to the assessment of new companies for the first two years of their trading. The clause as it now stands is certainly far from clear in several respects.

An interesting point as to an executor's "right of retainer" arose before Mr. Justice Clauson last month in the case of *In re Cockell; Jackson v. Attorney-General*. Mrs. Jackson, the plaintiff in the action, was the sole executrix and legatee under the will. She had a claim against the estate amounting to £1,000, while the Crown claimed as a preferential creditor for Income Tax and Super Tax. The question was whether Mrs. Jackson had a right to retain her £1,000 out of the assets of the testator in

priority to the preferential debt due to the Crown.

His Lordship said it was necessary to consider the Administration of Estates Act, 1925, which repealed a number of other Acts and was in the nature of a code. By sect. 57 the Crown was made subject to the provisions of the Act, and its advantageous position at common law with regard to various claims was now superseded by the provisions of that Act. On the other hand, sect. 34 specifically preserved the right of retainer of a personal representative, which therefore remained as it was before except that it was enlarged by sub-sect. (2). In his Lordship's view an executor's right of retainer now operated to the whole extent of the assets, and the plaintiff's right in this case could therefore be exercised against the Crown, and in priority to the preferential claim for Income Tax.

In the case of *Hulton v. Midland Bank Executor and Trustee Company, Limited*, a point arose on the provision in a will that a life interest should be paid to the testator's widow of such an amount as would give a clear yearly sum of £12,000 after deducting Income Tax and Super Tax at the rates from time to time in force. The will was prepared before the Sur-tax was introduced, and the question before the Court was whether, upon the true construction of the will, the widow was entitled to receive the annuity free from Sur-tax which was first imposed by the Finance Act of 1927. Mr. Justice Bennett held that there was no difference between Super Tax and Sur-tax. All their distinctive features were the same, and it would be defeating the clearly expressed wishes of the testator if the trustees were not to pay the annuity free from Sur-tax merely because Parliament had given the old Super Tax a new name.

An interesting point was decided recently in the case of *In re Robinson; Lamb v. Robinson*. A lady made a will in 1914 by which, after revoking all previous wills, she bequeathed an annuity to her son and the residue of her estate to certain grandchildren. In 1921 she made another will leaving the whole of her estate to her son but without specifically revoking the earlier will. The second will was duly attested by two witnesses and was admitted to probate, but, owing to the fact that one of the witnesses was her son's wife, the bequest to the son was ineffective. The question then arose whether

there was an intestacy or whether the estate was effectively disposed of by the earlier will. After reviewing a number of cases on the point, Mr. Justice Eve came to the conclusion that in the circumstances the later will, although a valid document except as regards the bequest to the son, did not revoke the will of 1914, and that therefore there was not an intestacy.

What is the correct date up to which interest should be calculated in the case of an administration action? This was the question which Mr. Justice Clauson had to decide in the case of *re Sagor; Kogan v. Kogan*. The estate of a testator having proved to be insolvent, the executor took out an originating summons for administration, and an order was made on August 9th, 1922. Subsequently summonses were taken out by certain creditors, and on November 14th, 1927, a final administration order was made in a creditor's action. Interest having been allowed on certain amounts due by the estate, the question arose as to the date up to which the interest should be calculated, namely, whether it should be August, 1922, the date of the order in the Executor's action, or November, 1927, the date of an order in the creditor's action. Mr. Justice Clauson held that the rules applicable in bankruptcy should apply, and under these rules the date to which interest was calculated was the date of the receiving order. In administration proceedings the date which corresponded to the receiving order in bankruptcy was the date when the Court intervened in a creditor's action and ordered administration of the whole of the assets, including the specifically bequeathed property to which the order in the executor's action did not extend. The date to which the interest should be calculated was therefore November 14th, 1927.

At the Conference of the Co-operative Union held at York last month, the Chairman informed the meeting that the estimated membership of the societies in the union had risen by nearly half a million during the past year, and that the membership at the close of the year was 6,378,000. The sales for the year amounted to £224,465,000, and there was a net surplus of £27,000,000. These figures, which relate to 1,300 retail societies only, show very clearly the magnitude of the Co-operative movement and the extent to which it is encroaching on the general retail trade of the country.

Some discussion has taken place in the public Press as to the provisions of sect. 46 of the

Companies Act, 1929, which deals with the power to issue redeemable preference shares. It seems to be considered that a company has a grievance because where preference shares are redeemed at a premium a capital redemption fund has to be created "equal to the amount applied in redeeming the shares"—which would, of course, include the premium as well as the nominal amount of the shares—and it is suggested that such was probably not intended by Parliament when the section was drafted. This, we think, is a misconception. The assets of the company are clearly depleted by the amount of the premium as well as the nominal value of the redeemed shares, and the object of the reserve is to prevent any such depletion, first by requiring the whole amount to be charged against profits, and in the second place by stipulating for a reserve fund equivalent to that amount.

Part 5 of the Annual Report of the Chief Registrar of Friendly Societies for the year 1929 deals with the operations of Building Societies, and reviews the cases in which disputes have arisen. It also gives the result of inspections carried out under the instructions of the Department. Many irregularities are disclosed and sometimes illegal practices. For instance, one Society had invested nearly £40,000 in building estates without disclosing the fact in its accounts, until a change of auditor took place. In another case £12,500, which represented unauthorised investments, was included as part of the bank balance, and the auditor year by year gave a clear certificate on the annual statement. When the auditor (who was not an accountant) was questioned upon the matter, he stated that the society had been "conducted in a somewhat old-fashioned method, serviceable but out of date. The rules were never adhered to closely." He had been auditor of the society since 1895, but expressed his willingness to resign in favour of "someone more experienced in Building Society practice." He has now relinquished his appointment, and the society has engaged a qualified accountant.

Mr. Harold Fitch Kemp, of Messrs. Kemp, Chatteris, Nichols, Sendell & Co., has been elected President of the Institute of Chartered Accountants in succession to Sir William Plender. Mr. Harold Fitch Kemp is a son of Mr. Charles Fitch Kemp who was himself President of the Institute during the years 1894-1896 and whose memory is held in warm regard by the older generation of practising accountants.

SPECIAL DAMAGES FOR BREACH OF CONTRACT.

It is a maxim of the law that where there is a right there must also be a remedy. The application of this maxim to contract law results in the recognition of the principle that damages are to be awarded against a party who has committed a breach of his contract, even though that breach has involved the other party to the contract in no actual loss; in such a case, nominal damages are not infrequently awarded. The assessment of damages in particular cases of breach of contract frequently gives rise to difficult problems. One of the most important of these relates to the question of the remoteness of the loss suffered.

The general rule of law as to damages for breach of contract was stated in *Robinson v. Harman* (1848) to be that the party who has suffered by the breach is to be placed in as advantageous a financial position as he would have enjoyed had the contract been fulfilled. This general rule, simple and sweeping in its comprehensiveness, has, however, been submitted to considerable modification by judicial interpretation. For instance, in *Hadley v. Baxendale* (1854) the defendants contracted, as carriers, to deliver a broken shaft of an engine belonging to the plaintiffs to a firm of engineers with whom the plaintiffs had arranged for its repair. Owing to a delay by the carriers in delivering to the engineers, the repairing of the shaft was delayed for several days, during which the plaintiffs incurred loss of profits by reason of the fact that the absence of the shaft prevented their machinery working, so that their mill was compelled to remain idle. It was held that the carriers were not liable to compensate the plaintiffs for this loss of profits as they had not been notified when undertaking the contract that so serious a result as an idle mill would be the consequence of delay on their part. In other words, these special damages, i.e., damages arising out of the particular circumstances of the case, were held to be irrecoverable. They might well have been recovered had they been damages naturally flowing from the breach in the ordinary course of things, or, although arising only in extraordinary circumstances, such as were or ought to have been in the contemplation of the parties (*Agius v. Great Western Colliery Company* (1899)).

It is always open to the contracting parties to make a special bargain to cover the contingency of special damages so as to render them recoverable. In such a case a contractor is

saddled with a special burden. But he shoulders that burden with his eyes open; it is for him to secure special consideration in agreeing the terms of his contract so as to cover the special risk involved. Thus, in *Horne v. Midland Railway Company* (1873) the plaintiffs delivered to the defendants a consignment of shoes for carriage. The carriers were informed of the date when delivery was due under the plaintiffs' contract, but they were not informed that that contract secured to the plaintiffs an exceptionally good price for the shoes. The defendants having delayed in delivery, the buyers cancelled their contract with the plaintiffs. The latter were held entitled to recover only ordinary loss occasioned by the carriers' delay, and not damages assessed upon the basis of the difference between the exceptionally high price they would have obtained by the fulfilment of the contract of sale and the market price at the time of the breach.

In the more recent case of *Bostock & Co., Limited, v. Nicholson & Sons, Limited* (1904), the plaintiffs bought of the defendants by description a quantity of sulphuric acid commercially free from arsenic. The purpose for which the acid was required was not made known to the sellers. In fact it was not commercially free from arsenic—a defect which the plaintiffs did not discover, although they might have done so by the exercise of ordinary care in the way of chemical analysis. The plaintiffs used the acid in the process of manufacturing brewing sugar, which they sold to brewers. Customers of the latter were poisoned as a result of the use of the ingredient contaminated by the acid. The plaintiffs claimed of the defendants damages under four heads, viz: (1) The price paid for the worthless acid delivered; (2) The value of the material into which the acid had been introduced in their manufacturing processes; (3) Compensation for their damaged trade goodwill; and (4) An indemnity to cover the damages they had been called upon to pay to the brewers. It was held that damages were recoverable only under the first two of the four heads. In the course of his judgment Mr. Justice Bruce said that the rules laid down in *Hadley v. Baxendale* were incorporated into the Sale of Goods Act, 1893, by the terms of sect. 54, which declares that the right of a buyer or seller to recover special damages remains unaffected by the Act, and of sect. 53 (2) which provides that "the measure of damages for breach of warranty is the estimated loss directly and naturally resulting in the ordinary course of events from the breach of warranty."

The case of *Bostock v. Nicholson* was distinguished in *Pinnock Brothers v. Lewis & Peat, Limited* (1923), where the damages claimed were held not to be too remote. There, the plaintiffs had bought copra cake of the defendants and had resold it to manufacturers, who in turn resold to dealers, from whom it was purchased by farmers for feeding their cattle. The cattle having become ill through a poisonous ingredient of the cake, each purchaser claimed damages in turn from his seller. The fact that there had been a chain of sellers and buyers did not lessen the direct liability of the defendants to the plaintiffs, it having been within the contemplation of the parties to the original contract that the copra cake would be utilised for cattle food.

It was pointed out by Mr. Justice Salter in *British Automatic Company v. Haynes* (1921) that although a contractor is entitled to be placed in as advantageous a position as he would have enjoyed had his contract been fulfilled (as stated above), he must himself take all reasonable steps to reduce the loss sustainable by reason of the breach. The case is interesting by reason of the manner in which the Judge arrived at his assessment of damages "such as may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract as the probable result of the breach of it." In that case the business of the plaintiffs was the letting out on hire of automatic machines; the defendant broke his contract with them to take two machines at a weekly rental for three years. It was held that the plaintiffs could not recover as damages the total weekly rentals for three years, but merely the weekly rentals lost from the date of tender to the defendant and the time when, with reasonable diligence, they might have procured another hirer of the machines.

INSOLVENCIES AND THIRD PARTY INSURANCE.

In recent years there have been no harder cases than the two which gave to liquidators and trustees in bankruptcy the right to use as assets available for creditors generally, sums payable by insurance offices under third party policies held by the company in liquidation or the bankrupt.

The *Harrington Motor Company* case was hard enough, the injured party being compelled to prove in the winding up as an ordinary unsecured creditor, but harder still was the case of *Hood's Trustees v. The Southern Union Insurance Company*, a case which at the time received

surprisingly little publicity. Hood was a motorist and, as such, he was insured against third party risks. He injured a third party and was ordered to pay damages, but before the third party obtained his judgment Hood was adjudicated bankrupt. As a claim in the nature of unliquidated damages for tort is not provable in bankruptcy, the unlucky third party was not allowed to prove as a creditor for the amount awarded him, and yet, under the *Harrington Motor* case rule, Hood's trustee was able to claim the damages from the insurance company and use them towards the discharge of the provable debts. There can be no doubt that in law these two decisions are sound, as the Bankruptcy Act, 1914, makes it perfectly clear that only in the case of claims under the Workmen's Compensation Act is a third party, to whom a bankrupt is liable, entitled to the bankrupt's right against an insurer, but so hard are the decisions that the Legislature has seen fit to pass a short Act remedying the anomaly.

This Act, which will be known as the Third Parties (Rights Against Insurers) Act, provides that where a person who is insured against third party risks (a) becomes bankrupt, or (b) makes a composition or deed of arrangement with his creditors, or, being a company, (c) has a winding up order made against it, or (d) resolves to go into voluntary winding up, or (e) has a receiver or manager of its business appointed, or where an order for the administration of the estate of a deceased insolvent is made under sect. 130 of the Bankruptcy Act, 1914, any rights enjoyed against the insurers by the bankrupt or the company, as the case may be, are to vest in any third parties to whom liability shall be incurred. And this is to be so whether the liability to the third parties is incurred before or after the bankruptcy or winding up, but subject to the proviso that the rule is not to apply where a company goes into voluntary liquidation for purposes of reconstruction or amalgamation. This is, of course, an extension of the rule which applies already to workmen's compensation claims, and, by way of discouraging attempts to evade the Act, it is further provided that, if any contract of insurance made after the Act comes into operation purports to avoid the contract or alter the rights of the parties on the happening of any of the events which bring the rule into operation, the contract (the whole contract it seems) shall be of no effect.

Where the rule does operate, the bankrupt and his trustee, or the company and its liquidator or receiver, is to give to third parties any information which may reasonably be required concerning rights against insurers, and must allow third

parties to inspect and copy any contracts of insurance, receipts for premiums or other relevant documents in his possession. And any clause in a contract of insurance (whenever the contract was made) which purports to avoid the contract or alter the rights of the parties if such information is given, shall be void.

Finally, the Act provides that, if the bankrupt or company enters into any agreement with the insurer, or waives or assigns his rights, or receives any payment from the insurer after the commencement of the bankruptcy or winding up, this shall not affect or defeat the rights of third parties under the Act. This seems a somewhat dangerous provision in so far as it refers to payments made to the bankrupt or company, for it is difficult to see how an insurer is to discover, when he makes a payment, whether or not a bankruptcy or winding up has commenced. The Act, which applies to Scotland as well as to England, is otherwise beyond criticism in as much as it purges the Law Reports of two of their hardest cases, which cannot now be cited as precedents, although, unfortunately, relief is not afforded to the parties who suffered by those cases.

UNEMPLOYMENT INSURANCE FINANCE

[CONTRIBUTED.]

DURING the first session of the new Parliament, three measures dealing with unemployment insurance have been passed, and in each of the three, different financial expedients have been provided for. We have already explained that the first Act increased the Exchequer's share to one-half of the aggregate contribution to the Fund provided by employer and employee, at an increased cost to the Exchequer of roughly £3,500,000 per annum. Incidentally it might be of interest to recall that the previous Exchequer share by the Economy Act, 1926, worked out at between one-third and one-fourth of the whole, the share of the Exchequer being based on stated amounts to each class of contributor. The second Act introduced a more revolutionary change altogether, and the third Measure increased the borrowing powers from the Treasury by another £10,000,000, so that the limit is now £50,000,000.

Up to the passing of the second of these Acts, the only charge to the State was the Exchequer's portion of the full contribution made in respect of each employed person. This Act provides that the State shall take the responsibility of providing moneys to meet the cost of benefits and administration expenses paid in connection with unemployed persons who come under the "transitional provisions" sections. It is perhaps known that to secure a statutory right to benefit the chief condition to be fulfilled is to prove that 30 contributions have

been paid in the two years previous to date of claim. But under these transitional provisions a lesser qualification of eight in two years or 30 contributions at any time, can be substituted for the first statutory condition in order that consideration may be given for the granting of benefit. It is computed that 12 per cent. to 15½ per cent. of men, and from 4 per cent. to 6 per cent. of women have been receiving benefit under this section. The position now is that persons receiving benefit under this section have become a direct charge to the State, and the remainder who qualify under the statutory conditions—the 30 contribution in two years rule—will be a charge on the Fund.

It is computed that the transitional provisions will cost £10,500,000, and that the Exchequer share of the full contribution to the Fund will be £16,000,000 in the year 1930-31, which sum is included in the recently issued 1930-31 estimates for unemployment insurance costs in place of the £12,000,000 of previous years. The income of the Fund is thus estimated at a total of £58,500,000, the employers providing £17,000,000 and the employees £15,000,000 in contributions.

It has been shown in earlier articles that the expenditure in connection with abnormal unemployment periods up to the first 1930 Act has been met by recourse to loans made by the Treasury on which interest has been paid of slightly less than 5 per cent. on the average. These loans have been progressively increased since the first one in 1921 by sums of £10,000,000, until the £40,000,000 limit of borrowing powers fixed by the 1928 Act was reached.

With the increasing unemployment figures this amount has been practically exhausted, and therefore another Measure was introduced on March 28th and passed quickly into law, making the limit £50,000,000. Thus we have three Acts in one session dealing with the one subject, and each financial provision is on a different scale.

With the introduction of the first Act of 1930, which contained less stringent conditions and also additional financial help from the State, a detailed analysis makes the balancing point of the Fund, when expenditure can be met out of revenue, to be in connection with a live register of 1,240,000 persons. But with the increasing unemployment figures—on May 5th they were 1,712,000—it will be seen that there is a continual overlapping of revenue by expenditure.

It is estimated that, taking the total register at 1,240,000, the average cost for each 100,000 is £100,000 per week, and interest cost works out at £40,000 per week.

Other interesting statements on behalf of the Government are that with a live register of 1,600,000 the outgoings will exceed the revenue by £275,000 a week. If the figure is 1,700,000 this excess will be £375,000 per week.

The Ministry of Labour estimates that with an average live register of 1,500,000 the additional loan of £10,000,000 provided by the second of the 1930

Acts will last until the beginning of 1931; with the number at 1,600,000 until November; and with the number at 1,700,000 until the end of September. If the figures remain at the present high totals, Parliament will therefore have to reconsider the position before rising for the summer recess.

Of the greatest importance, moreover, to industry generally, is the statement by the Government that if the figures remain for any considerable time above 1,240,000—the present balancing point—steps will have to be taken to increase contributions of both employers and employees.

Since the inception of the scheme the contributions have varied. The combined amount from employer and employee by the 1911 Act was 5d. weekly. The early period of the 1920 Act increased this to 8d., followed by 1s. 3d., which by the third Act of 1921 became 1s. 7d.—employer 10d. and employee 9d. This remained until January 4th, 1926, when the contributions reverted to 1s. 3d.—employer 8d. and employee 7d., which are the present rates of contribution. These figures relate to men; other classes were varied in a similar ratio. For persons under 21, as from July, 1928, the rates were 1d. less for both parties.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following additions to, and promotions in, the Membership of the Society have been completed since our last issue:—

ASSOCIATES TO FELLOWS.

AIYAR, ARJUN K. SUBRAMANI, B.Com. (K. S. Aiyar & Co.), 65, Apollo Street, Bombay, Practising Accountant.

COLEMAN, HERBERT WILLIAM, Treasurer, Rhondda Urban District Council, Pentre, Rhondda.

RALPH, HUGH ROBERT, Borough Treasure of Walsall, Council House, Walsall.

ASSOCIATES.

BLEACH, FRANK PATRICK, Clerk to E. C. Milner, Barum House, Halifax.

GLANVILLE, TREVOR JAMES, Clerk to Duck, Mansfield & Co., 63, Coleman Street, London, E.C.2.

LARKING, CHARLES GORDON, F.C.A. (Larking & Larking), Invicta Chambers, Maidstone, Practising Accountant.

LONGBOTTOM, KENNETH VARLEY, Clerk to Wm. Robertshaw & Myers, Barclays Bank Chambers, North Street, Keighley.

PAGE, REINALLT EDWIN JOHN, Clerk to H. R. Horsley, Craven House, Kingsway, London, W.C.2.

PEPLOW, CHARLES ALFRED JOHN, Clerk to Harper, Groves & Co., Tower Chambers, 30A, Pride Hill, Shrewsbury.

SUDBERY, ARTHUR FRANCIS, Clerk to Layton-Bennett, Chiene & Tait, 3, London Wall Buildings, London, E.C.2.

WALL, WILLIAM STEWART GULLIVER, Clerk to Alban and Lamb, 11, Pembroke Terrace, Newport, Mon.

WRIGHT, EDWARD ALFRED, B.A., A.C.A., 6, Duke Street, St. James's, London, S.W.1, Practising Accountant.

Municipal Treasurers' Conference.

SCARBOROUGH was the venue of the forty-fifth annual conference of the Institute of Municipal Treasurers and Accountants on the 18th to the 20th of June. Nature has endowed the town with many attractive qualities, but municipal enterprise has also done much in providing services and amenities which are magnetic in their influence upon prospective residents and visitors alike. The question is sometimes asked, How is it that so many public conferences are held in watering places? Why should not people foregather in industrial towns? The reason may be found in the competition which exists between "pleasure towns" for the patronage of visitors. The attraction of visitors to a town is in the nature of business enterprise, and a conference embraces a form of advertisement the value of which is not negligible, but which may bring forth fruit after many days.

This is the second visit of the conference to Scarborough. The previous one was in 1895, just 35 years ago, when the Institute was relatively a small organisation; then the membership was only 143 (including 41 Associates). To-day the roll of the Institute is 1,171 and is still growing. Expressed in money, the expenditure of the organisation 35 years ago was £111 only for a year, as compared with a sum approaching £5,400 for 1929 and a surplus fund of nearly £6,600.

The attendance at this year's conference was over 880—truly a record—including many lady visitors. The guests were received by the President and his wife (Mr. and Mrs. Edmund Lund, of Carlisle) at an evening reception in the attractive Spa Ballroom, which had been artistically decorated and illuminated for the occasion. The following morning the proceedings of the Conference proper were commenced by a civic welcome from the Mayor of Scarborough (Councillor Moore, J.P.), who, whilst speaking in felicitous terms of the value of the financial officers of municipalities, expressed some anxiety regarding municipal capital expenditure. Liabilities, he said, were incurred by our Corporations which, if they had to face them as tradesmen had to face their business liabilities, would make them hesitate in spending money. He doubted the wisdom at this time of entering upon municipal heroic projects for the benefit of posterity, which placed a heavy burden upon the present generation. He said there was wisdom in "paying as we go," although he recognised that borrowing could not altogether be avoided.

In acknowledging the Mayor's kindly welcome, the President of the Institute referred in an interesting way to many incidents relating to the Conference in Scarborough in 1895. He pointed out the enormous growth in expenditure of our local authorities during the past generation, and urged the importance of public capital expenditure being confined to projects which could be classified as "necessary and urgent."

For the office of President for the ensuing year Mr. John E. Bray, City Treasurer, Manchester, received a unanimous vote, whilst Mr. G. R. Butterworth, F.S.A.A., Borough Treasurer, Hastings, was elected as Vice-President. Mr. H. J. Hoare, F.S.A.A., City Treasurer, Plymouth, continues as Honorary Treasurer—an office he has held for many years with the full confidence of the Council. For the ten vacancies on the Executive Council 21 names went to ballot, the elections being as follows: Mr. W. A. Davies, F.S.A.A., Preston; Mr. J. R. Johnson, F.S.A.A., Birmingham; Mr. S. Lord, F.S.A.A., Acton; Mr. W. Bateson, F.S.A.A., Blackpool; Mr. F. Ogden Whiteley, F.S.A.A., Bradford; Mr. J. Allcock, F.S.A.A., Cardiff; Mr. D. M. Muir, F.S.A.A., Dunfermline; Mr. R. A. Weatherall, F.S.A.A., Swansea; Mr. A. E. Dean, F.S.A.A., Swindon; and Mr. F. W. Rattenbury, F.S.A.A., Middlesex County Council. The Honorary Auditors (Mr. A. B. Griffiths, F.S.A.A., Camberwell, and Mr. W. W. Waite, F.S.A.A.) were unanimously re-elected, with grateful thanks for past services.

Particulars of the results of the Institute's examinations appear in the report of the Executive Council, but the outstanding first-place men deserve that their names should appear in this record of the proceedings of the Conference, viz: Final examination: 1st place, "Collins" Gold Medal and "Margaret Johnson" prize of £10 10s., A. H. Marshall, Borough Accountant's Department, Reading. Intermediate: 1st place, "Hoare" Silver Medal and prize of £3 3s., A. V. Vincent, City Treasurer's Department, Canterbury. Preliminary: 1st place and prize of £2 2s., Edward Robson, Borough Treasurer's Department, Tynemouth. The presentation of these and other awards by the President to the successful candidates personally is always a feature of the Conference, which is of special interest and must be regarded by the candidates concerned as an important event in their career.

The report of the Executive Council on the activities of the Council during the year will, we are sure, be regarded as a most complete and informative document. It embraces the work of the several committees, and also displays information of a financial and statistical character. Conferences with Government Departments and kindred professional organisations touching many matters of local government finance are also reported. The work must have been strenuous, for as many as 52 meetings might have been attended by some of the members of the Council.

The display of the work of the Examination and Membership Committee is interestingly set forth. It would seem that the work of this Committee is the most strenuous of all. Not less than 870 candidates sat in the various tests, thus establishing a fresh record, being 80 per cent. increase in five years. The prizes offered to the examinees who do best are valuable and certainly an incentive to "scorn delights and spend laborious days." It is pleasing to learn that there has been a distinct improvement in the standard of work done by the candidates. An

important matter is that the Council has decided to abolish the Preliminary examination after 1932. In lieu thereof evidence of general education by producing a certificate from an approved examining body is to be substituted. It is interesting to note that the examination tests seem to have met the needs of County Councils, Municipal Boroughs, and other local authorities' candidates alike—an achievement of outstanding importance.

Other problems dealt with included suggestions for the reconstitution of the Institute, the proposed registration of accountants, the raising of loans for local authorities (particularly by way of stock issues), proposed revised grants for housing, questions arising out of the financial operations under the Local Government Act, 1929. A perusal of the report as appearing in another part of our issue is well worthy of study.

The Presidential address which falls on the retiring President was given by Mr. Edmund Lund, F.S.A.A., the City Treasurer of Carlisle. The event is always one of interest and instruction. On this occasion, whilst touching on many important subjects, the burden of the President's message was the perennial one of the indebtedness of local authorities. He called attention again, as on the opening day, to the seriousness of the growth of capital expenditure, and to give force and emphasis quoted figures showing that the net indebtedness had about doubled itself since 1914, and was about 107 per cent. more than in the year 1919. The total amount at March, 1928 (the last available figures), was 59 per cent. over the pre-war National debt. Some very valuable tables illustrating the points made by Mr. Lund form an important part of an address which must have caused considerable research and scrutiny. An innovation connected with the delivery of the address was the invitation given by the President for the delegates to discuss it, and many took advantage of the opportunity to express their views on various matters.

The paper by Alderman W. Byng Kenrick, Deputy Lord Mayor of Birmingham, on "Finance and other Committees: Ways of Conflict or Ways of Consent," was not a lengthy one, but it contained the views (some of which were not on traditional lines) on a subject which has exercised the minds of local governing bodies and their administrators over a long number of years. Being the views of an experienced member of a large City Council, who has a reflective mind, they are worthy of consideration. Alderman Kenrick's desire is that harmonious working shall be established between the Municipal Finance Committee and the other Committees of the Council, and in order to secure this there must be a clear line established regarding the power of the Finance Committee to regulate the spending proclivities of other Committees. He presented for consideration the practice adopted by the City of Birmingham, under which annual consultations take place between representatives of the

Finance Committee and other Committees touching the year's financial requirements. The helpful views of Alderman Kenrick should be read and reflected upon in order to arrive at a right understanding of this highly important problem in municipal administration.

The President-elect (Mr. John E. Bray, City Treasurer, Manchester) had chosen as his subject "Housing Finance," with particular reference to the Housing (No. 2) Bill. The importance of this subject and the completeness of the treatise mark it as one of distinction. Those who are not acquainted with up-to-date information on Municipal Housing would do well to read Mr. Bray's paper in order to ascertain what has been done in this country, both by private enterprise and by local authorities, in the provision of houses for the artisan classes and others. The total number of houses is 1,463,255, divided as follows: Houses provided by private enterprise, 935,486; and 527,769 by local authorities. Of the total number quoted, 524,225 had been built without State assistance and 939,030 with State assistance. Of the loan debt outstanding at March 31st, 1927 (the last available figures), viz, £579,585,935 for the five great services of gas, electricity, tramways, waterworks and housing, no less than 47.9 per cent. was for housing, the next purpose below this figure being waterworks, 26.9 per cent.

Mr. Bray dealt with many aspects of his subject, including the inadequacy of the 15 per cent. set aside for repairs to houses, rents payable, the cost of the ancillary services rendered for the tenants in addition to the mere provision of the houses, and the effect on the rateable value of the country by reason of the erection of this class of property. Mr. Bray estimated the amount involved by way of interest on money during construction of houses at not less than £6 per house. The proposals of the Housing (No. 2) Bill now before Parliament were subjected to a close scrutiny and highly discriminating criticism by Mr. Bray, and he supplied a number of valuable tables, as an appendix, to support his statements and arguments. An interesting discussion ensued on the reading of the paper, which was one that could only have been compiled after considerable research and deep thinking.

"The Finance of Public Assistance," by Mr. W. E. Jones, County Treasurer, Wiltshire, and Mr. Robert Sutcliffe, Borough Treasurer, Middlesbrough, jointly, was a happily combined contribution on a subject which is now occupying the attention of Public Assistance Committees. It dealt with the problem both from the Administrative County and the County Borough points of view. The historical aspect of the Poor Law from its inception was presented, as well as its administration under the Boards of Guardians, whilst the new administration under Counties and County Boroughs was clearly reviewed, not omitting the financial control of the work in harmony with modern ideas of internal checking or audit of accounts. The paper is a real *vade mecum* for Public Assistance Committees and their officers.

The address given by Sir James Curtis on "Crown Property and Local Rating" was regarded not only as timely, but valuable from the fact that Sir James could speak with a long experience and first hand knowledge of his subject, and as a distinguished member and vice-chairman of the Central Valuation Committee. Sir James brought together in a concise form pretty well all that could be set down on the subject. Anyone desirous of knowing the history and development of "Government Contributions in Lieu of Rates" can find it here, and thereby save himself much time in research of documents at present involved in some obscurity.

It was thought that discussion would be meagre, but really there ensued a very helpful talk upon points of practical importance in dealing with problems which arise from time to time in the offices of our rating authorities. There was a strong feeling expressed that Government property should be valued on the same basis as all other property, and although there may be some difficulty in bringing it into actual assessment through the Valuation List, yet the payment of the contribution in lieu of rates must be based upon the net annual value of the property as ascertained for other rateable hereditaments.

The hospitality of the Corporation of Scarborough was generous, and was afforded with that kindly spirit which made one feel that the welcome was sincere. A visit to H.M.S. *Nelson* was regarded as a special act of courtesy on the part of the Commander-in-Chief of the Atlantic Fleet. It is only after a visit and personal inspection that one can understand that a battleship costs so much as £7,000,000. The view was expressed by some of the visitors that it would be helpful if we could pay off the National Debt and also Corporations' Loan indebtedness out of the money now used for building war vessels. That is a proposal properly to be dealt with in another place.

Thanks were warmly accorded to the Mayor and Mayoress of Scarborough, and also to the Corporation and the Corporation officials, particularly Mr. James Hurst, F.S.A.A., the Borough Treasurer, for the arrangements made for the visit of the Conference and the convenience of its delegates.

The retiring President (Mr. Lund) was the recipient of the Past President's badge and the retiring President's certificate of service, accompanied by a warm expression of gratitude for his service. He, in turn, invested Mr. J. E. Bray, the newly elected President, with the official Presidential badge of office. The readers of papers received a well-deserved cheer for their valuable contribution to the proceedings. Next year's Conference has been fixed to be held at Brighton.

To close this account of a very happy and helpful Conference, aided by fine and sunny days, would be incomplete unless thanks were recorded for the splendid services of the Honorary Secretary (Mr. Collins) and his talented assistant, Mr. Garrett-Holden, M.A., B.Sc. Their work is highly valued, and this was made clear by the hearty applause they received.

Accountancy as an International Profession.*

THE historical changes of the last decade have been remarkable by their extent and rapidity in every department of life. These changes have enriched man's experience and, it may be hoped, improved his judgment and extended his vision. Historic forces, aided by organisation and personal determination, have made accountancy a great profession. On the other hand, the accountancy profession may claim with reason and modesty to have responded to the stimulus of history and in return to have contributed to its never-ending stream.

Particular reality is given to this historic sense by the publication of the official record of the Third International Congress on Accounting held in New York in 1929, upon the appearance of which we congratulate the Congress Executive. To the student, the volume will be a compendium embodying the results of wide experience and research; in the light of its pages the busy practitioner may check his settled convictions and attempt to resolve his doubts; and to those who were privileged to participate in the Congress the book will be an acceptable reminder of a memorable gathering.

It is satisfactory that the Editors have published the volume as quickly as possible after the Congress. The events recorded are fresh in the minds of the delegates and the matter contained therein still relates to current practice.

The volume contains 1,376 pages, together with 20 pages of introductory matter, and is divided into four portions: (1) Introductory matter; (2) the full text of all the papers as presented to the Congress; (3) a record of the proceedings and speeches at the Congress; and (4) a list of the foreign delegates, classified under their respective countries, and a list of American members who constituted the hosts.

The Introductory matter gives a complete view of the whole Congress—how it originated, by whom it was organised, what bodies were officially accredited, and what it accomplished.

In the Foreword it is stated that the original Committee of Representatives met in December, 1927, when it was decided to issue invitations to an International Congress to be sponsored by five groups connected with the accountancy profession in the United States of America, under the chairmanship of Colonel Robert H. Montgomery, the secretary being Professor Giles H. Courtney, New York.

The activity of the Executive Committee is evidenced by the fact that during the course of a very busy week they made themselves personally known to many delegates and kept in personal touch with their guests. We are pleased to see recorded as an Honorary President the name of Mr. J. E. Sterrett,

* "The International Congress on Accounting, 1929." Published by the Executive Committee, 100, Washington Square East, New York City. Price \$10.

who was President of the first International Congress held at St. Louis in 1904, at which Sir James Martin and Mr. Francis W. Pixley represented the accountancy profession in Great Britain, and Mr. E. Van Dien, now an Honorary Member of the Society of Incorporated Accountants and Auditors, represented the Continent of Europe. Mr. Van Dien in turn became President of the second International Congress held in Amsterdam in 1926, and his name also appears as an Honorary President of the New York Congress.

The policy and objects of the Congress were admirably set forth by Colonel Montgomery in his Presidential Address, which was epigrammatic, succinct and touched with humour. He claimed that accounting was something complete in itself. While we agree with his view that accountancy has form, substance and tradition, accountancy, we think, must look beyond the borders of its own technique and professional organisation—a view we find reflected in Colonel Montgomery's subsequent remarks, that the practice of the profession requires imagination as well as experience, and that "in accounting we can point nowhere to anything final. Progress is essential." He placed before the Congress a high ethical ideal of professional duties and obligations, and expressed satisfaction that the proportion of financial statements certified by accountants that were untrustworthy was extremely small.

The Executive Committee decided to give a liberal interpretation to accountancy in arranging the programme, and included a number of papers of an interesting character on subjects which rather fall to be dealt with by financial executive officers such as chief accountants and controllers of large corporations. In addition, the Executive Committee afforded every delegation an opportunity of participating in the actual proceedings. To give this policy practical effect some 65 papers were contributed. These, as far as possible, were circulated in advance of the Congress among the delegates, of whom some 1,600 participated, and at the actual proceedings were taken as read, the delegates proceeding to discussion after a short introductory speech by the author. It was a heavy task to receive, print and translate 65 papers sent from all over the world, and it is no criticism of the Executive Committee that it was impossible for copies of these papers to be in the hands of delegates before they sailed for New York. Delegates therefore confined their attention to a selection of the papers, but the Record will give an opportunity for more consideration than was possible at the time. To facilitate consideration, the papers were classified under general headings, and the sessions as far as possible corresponded with the headings. This arrangement and the limitation of speeches rendered possible the completion of the programme.

Reviewing the subjects, it is noteworthy that over 300 pages of the Record are devoted to legislation and education for the profession. As the legislation question is the subject of an inquiry in Great Britain

at the present time we do not propose to comment, except to say there seems to be, all over the world, an attempt, in many cases successful, to obtain protection for professional titles under which accountants may practise, some form of professional discipline and a standard of professional knowledge and qualification.

The range of purely professional subjects was very wide and comprised contributions by well known authorities. Perhaps the papers dealing with Valuation, Balance Sheets, Consolidated Financial Statements and Depreciation were those which most intimately concerned practising members of the profession in relation to their duties as auditors. The fact that in Great Britain a compulsory audit has been imposed by law for over a quarter of a century has given the profession in England a unique experience and an authoritative point of view. A review of the papers within this group discloses extensive complications introduced by a number of new factors arising during the last ten years. The papers on Costing and Budgetary Practice constituted a useful symposium upon a specialised branch of professional work which attracts increasing attention. Commercial Budgetary Practice is more widely applied in the United States and Canada than it is in this country. No doubt this is due to the magnitude of undertakings where this practice is regularly used, but the profession here might usefully consider to what extent this practice would be applicable, and whether it can usefully be applied to undertakings of somewhat smaller dimensions.

The last part of the Record relates to Municipal and Government Budgets, papers on which were submitted by a number of authorities. It is of interest that in the Dominion of Canada, in addition to an Auditor-General (comparable to the Controller and Auditor-General to H.M. Government) the Governor in Council has appointed a small Board of Audit, one member of which must be an accountant in public practice and a member of an Institute or Society of Accountants in good professional standing. The principal duty of this Board is to act in an advisory capacity to the Treasury and to inquire into and report on a number of matters within the limits of a schedule.

Some consideration was given to Calendar Reform. In view of the many other pressing problems throughout the world at the present time we hardly think calendar reform practicable, even if it were considered desirable. But the views of Professor Irving Fisher, an economist of world-wide repute who sponsored this subject, merit consideration by those who have interested themselves in this question.

Had it been possible a detailed index would have been a useful adjunct to the volume, though we realise its compilation might have delayed the publication. We would add a reference in this review to the social entertainment and kind personal hospitality extended to the guests, and also to the admirable exhibition of accounting machinery which proved of substantial interest to the delegates.

Among the papers contained in the volume are those contributed by the Delegation of Incorporated Accountants, namely, "Education and Legislation" by Mr. Thomas Keens, "The Accountants' Duties to the Press and the Public" by Mr. C. Hewetson Nelson (presented by Mr. E. Cassleton Elliott) and "Municipal Budgets" by Mr. Arthur Collins.

We are disposed to think that at a future Congress it may be necessary to limit the number of papers and to provide for Delegations, in lieu of presenting papers, to participate officially in the discussions. By this means the method of plenary session, which gives a harmonious atmosphere to the Congress, could be preserved. Otherwise it may be necessary to deal with subjects by groups, which is less advantageous and complicates the organisation.

The volume of proceedings of the International Congress in New York has demonstrated that the profession of accountancy has become world wide in financial, commercial and government affairs. The Congress has also afforded the opportunity for members of the profession all over the world to know one another better, and to establish professional relationships of an international character, which we believe to be of service to the profession, as well as to the nations whose representatives were privileged to participate.

Obituary.

ALFRED RENDELL EDWARDS.

We regret to announce the death of Mr. Alfred Rendell Edwards, J.P., of the firm of Edwards & Edwards, Incorporated Accountants, 22, High Street East, Dorchester, which took place suddenly on June 10th at Toronto, Canada, at the residence of Mr. Harold Aldington, where Mr. Edwards was staying on a visit. Mr. Edwards, who was 65 years of age, was elected an Associate of the Society in 1904 and a Fellow in 1918. For many years Mr. Edwards had also occupied the position of Borough Treasurer and Accountant of Dorchester, and his sound advice and good judgment were much appreciated in the conduct of the financial affairs of the borough. As a Justice of the Peace he was the third member in seniority of the local Bench, of which, at the time of his death, he was Vice-Chairman. He was also Chairman of the Borough Licensing Justices. In many other ways Mr. Edwards rendered valuable services to the town, where his death is widely deplored. His son and partner is Mr. Alfred Harman Edwards, whose appointment to the local Bench was referred to by us in a recent issue, when we drew attention to the circumstance of father and son being in the Commission of the Peace at the same time. In his younger days Mr. Edwards belonged to the Dorset Volunteer Regiment, from which he retired with the rank of Captain. He was also well known in Masonic circles. The funeral service was held on June 23rd at the Dorford Baptist Church.

Professional Honour.

In the Honours List issued in connection with the King's Birthday, the name appeared of Mr. Clarence Francis George, F.S.A.A., Assistant Director, Commercial Audit, Madras Circle, Government of India, who was gazetted a Companion of the Imperial Service Order.

ALLOTMENT LETTERS AND CERTIFIED TRANSFERS.

Stock Exchange Sub-Committee's Report.

The following is the text of the interim report of the Special Sub-Committee on New Issues and Official Quotations:—

The Sub-Committee herewith present their Interim Report. The inquiry has been divided into sections, and this Report deals solely with that portion of the inquiry which has been directed to combat, if possible, future share frauds of the "Hatry" character.

The Sub-Committee have had a large number of suggestions put before them, and in arriving at their decisions have kept in view the fact that the existing system has worked well for a great number of years, has provided facilities for settling transactions in an efficient and speedy manner, and that the Hatry frauds have themselves made their recurrence less likely by drawing attention to the risks attaching to temporary documents. The recommendations are principally aimed at improving the quality of temporary (and where necessary definitive) documents of title, and providing additional safeguards during their currency. In the Sub-Committee's opinion any attempt at revolutionary changes is unnecessary and inadvisable.

DOCUMENTS OF TITLE.

Temporary documents that are in general use are:—

- (1) Renounceable Letters of Rights;
- (2) Renounceable Allotment Letters; and
- (3) Allotment Letters after renunciation has expired;
- (4) There are also Transfer Receipts and Balance Tickets;

all of which in due course are exchanged for Definitive Certificates.

It is also necessary to consider Certified Transfers.

The first four documents are much more easily copied than the Definitive Certificates, and the main proposals are aimed at shortening the currency of (2) and (3) *Allotment Letters*; and as regards Certified Transfers, keeping them under Stock Exchange control. As regards (2) and (3) it would add to the security if they were printed in a better style and on better paper; at present the majority of those that come before the Sub-Committee on New Issues and Official Quotations are of such poor quality that they could be imitated without the use of any skill and with a negligible amount of trouble. This is a matter which should be left to those responsible for the issue, for the sake of their own protection and that of the public, but the Sub-Committee draw attention to the risk that Permission to Deal in a Security may be refused until the Definitive Certificates are ready if, in the Sub-Committee's opinion, the temporary documents are in unsatisfactory form or of an unsatisfactory nature.

(4) *Transfer Receipts and Balance Tickets*.—These documents in the main are under the full control of the Member and their very simplicity is a protection, since an unauthorised person would generally have to show knowledge of details that could only be obtained by collusion in order to make use of them, and losses caused by any misfeasance would fall on the Member and not on the public. It is unthinkable, in the light of recent events, that these could be negotiated, or used for purposes of a loan, unless title had first been fully established. Attention is drawn to the fact that they are of least value (if by any chance they fall into wrong hands), when the information

on them is no more than sufficient to identify the securities to which they relate.

PROPOSALS.

It is proposed that :—

- (1) *Renounceable Letters of Rights* (1).—No alteration need be made. Their currency is comparatively short and the Committee's principal care in the past had been to see that those interested have sufficient time to negotiate their rights. A Form of Renunciation must be attached to or printed on the back of the Provisional Allotment Letter or Letter of Right ; Split Allotment Letters and Split Letters of Rights to be certified by an official of the company.
- (2) *Allotment Letters* (2) and (3) should be numbered serially ; in the case of fully-paid shares renunciation should be limited to a period of six weeks' maximum, and for partly-paid shares, one month after the date of the final call ; obtaining Permission to Deal should be contingent on these conditions being observed. They should also be printed on good quality water-marked paper, otherwise the Sub-Committee draw attention to the risk that Leave to Deal may be refused.
- (3) *Definitive Certificates*.—Leave to Deal in future should only be granted if a company undertakes to issue a certificate within one month after the date of the lodgment of the Transfer, and to issue Balance Certificates if required within the same period. It is hoped that other companies, who at present require a longer time, will endeavour to adopt this principle.

Certified Transfers.—At the present time it is estimated that more than half the account in Registered Shares is settled by Certified Transfers ; while it has been established that it is almost impossible for the buyer to differentiate between a regular and an irregular certification ; these facts call for greater control of this document, and it is proposed that the Stock Exchange Share and Loan Department, by gradual stages, shall undertake the certification not only of Stock Quoted in the Official List as at present, but also of Unquoted Stock and of Quoted and Unquoted Fully-paid Shares. This would also be a convenience and expedite the settlement of transactions where the company's office is outside the City area. It is desirable that suitable arrangements be made with the Associated Stock Exchanges whereby their local certifications could be made good delivery in London. In result Transfers so certified would be under the control of a member of a recognised Stock Exchange during their currency and other Certified Transfers would attract scrutiny and greatly reduce the risk of malpractices.

The Sub-Committee are of opinion that it is not possible to restrict delivery of Transfers to those certified by the Share and Loan Department of the Associated Exchanges and have considered with great care the desirability of Transfers certified at the company's office being guaranteed in writing by the delivering member, but inasmuch as members under the existing Rule 134 guarantee the authenticity of the document delivered, the Sub-Committee came to the conclusion that the only regulation that might properly be made would be to the effect that the buyer can at his discretion by notice given to the deliverer refuse delivery of a Certified Transfer unless that Transfer is certified or counter-certified by the Share and Loan Department of the Associated Exchanges. This could be added as an addendum to Rule 129 (1). If this proposal is adopted it will be desirable (as stated above)

to accept as good delivery Transfers certified by the Associated Exchanges provided such Associated Exchanges adopt reasonable and suitable methods of safeguard.

Early Notification to Transferor.—It is the general practice, with some exceptions, for companies to notify a selling shareholder that a Transfer out of his name has been lodged, only after they have received it back for registration bearing the signature of both parties. It would be a much greater protection if this notification were sent as soon as the Transfer had been certified by the company secretary, or notification of certification had been received from the Share and Loan Department or Associated Exchanges. This should not present any real difficulties as similar methods are already used in many company offices and also in transferring Inscribed Stocks.

It is recommended that it should be noted in future issues of the "Stock Exchange Official Intelligence" if the company adopts this practice and that it should be a condition precedent to obtaining Permission to Deal.

FURTHER POINTS CONSIDERED.

The following other points, to which the attention of those concerned is drawn, have been considered, but no definite action by the Committee is recommended owing to unsuitability or administrative difficulties :—

1. The auditing of Allotments and counter-sealing of Allotment Letters by accountants, which would form a check on over-issue.
2. The Sub-Committee also considered the desirability of insisting upon the appointment of independent Registrars outside the company's office, but are of opinion that such regulation is unnecessary. The Sub-Committee, however, desire to emphasise the fact that if companies contemplate appointing independent Registrars, such Registrars should be approved, in the first instance, by the Committee.
3. Many large companies have an internal independent Transfer Audit, and evidence has been given of the satisfactory nature of and adequate arrangements for such audit, but in the case of other companies where this practice is not in use the Sub-Committee draws attention to the protection to a company, its directors and officials, of a running Transfer Audit by the company's accountants. This is a question of some importance and it is suggested that in future years the "Stock Exchange Official Intelligence" should give details of the methods adopted by individual companies.
4. It is desirable that the Auditors' annual certificate should state that they had checked the Share Register and that the total number of shares issued agreed with that shown in the balance-sheet.

INCORPORATED ACCOUNTANTS' CONFERENCE, SHEFFIELD, 1930.

At the invitation of the Sheffield District Society a Conference of Incorporated Accountants will be held in Sheffield on Wednesday, Thursday, Friday and Saturday, September 24th, 25th, 26th and 27th next. The Conference will be opened formally by the Right Hon. The Lord Mayor of Sheffield, Alderman C. W. Beardsley, J.P., on Thursday, September 25th, when the Presidential Address will also be delivered.

Further details of the programme will be published in our next issue.

The Society of Incorporated Accountants and Auditors.

RESULTS OF EXAMINATIONS, MAY, 1930.

Passed in Final.

Order of Merit.

PASSINGHAM, LESLIE ERNEST (L. E. Passingham & Co.), 5-7, Hampstead Road, London, N.W.1, Practising Accountant. (*First Certificate of Merit and Prize.*)

FORDE, EDWARD MICHAEL, Chief Accountant's Department, Department of Industry and Commerce, Lower Castle Yard, Dublin. (*Second Certificate of Merit.*)

HOLLAND, FRANK, Comptroller's Department, London County Council, The County Hall, Westminster Bridge, London, S.E.1. (*Third Certificate of Merit.*)

Alphabetical Order.

ALLDAY, PHILLIP FREDERICK, Clerk to S. G. Morris (Spence, Paynter & Morris), 6, Wardrobe Place, Doctor's Commons, London, E.C.4.

BAILEY, MAURICE, Clerk to Jacques & Stirk, 9, Henry Street, Keighley.

BARIA, KAIKHUSHRU EDULJEE, B.Com., Clerk to S. B. Billimoria & Co., 113, Esplanade Road, Fort, Bombay.

BEAVEN, EDWIN GEORGE, Clerk to G. E. S. Heybyrne, 8, Friars Street, Newport, Mon.

BEEKES, FREDERICK JOHN, Clerk to Duart-Smith, Baker & Price, Albion House, King Street, Gloucester.

BELL, EDWARD, Clerk to Alfred G. Deacon & Co., National Chambers, 4, Horsefair Street, Leicester.

BENTON, GEORGE EDWIN, Clerk to Poppleton, Appleby & Turner, 155, Norfolk Street, Sheffield.

BRAGG, JOHN DUDLEY, Clerk to Grundy, Straus & Co., 7, Great Winchester Street, London, E.C.2.

BRAMWELL, SIDNEY EDWARD, Clerk to Rubery & Co., Sun Building, Bennett's Hill, Birmingham.

BROOK, DUDLEY FRANK, Borough Treasurer's Department, Town Hall, Burton-on-Trent.

BROWN, BERNARD CHARLES, Borough Treasurer, Glastonbury.

CAMPBELL, MUNGO BAIRD, Clerk to Robert T. Dunlop, 45, Renfield Street, Glasgow.

CARDWELL, PERCY, Clerk to Poppleton, Appleby & Turner, 155, Norfolk Street, Sheffield.

CHoudary, VENIGALLA PICHAIAN, B.A., Clerk to G. E. Stringer (Bourne & Stringer), Terminus Chambers, 6, Holborn Viaduct, London, E.C.1.

CHUBB, STANLEY JOHN, Clerk to C. C. Lyon (Edward Blinkhorn, Lyon & Co.), 69, Leadenhall Street, London, E.C.3.

COCKER, HUBERT, Clerk to Peat, Marwick, Mitchell & Co., 21, Spring Gardens, Manchester.

COLEMAN, GEORGE, Clerk to Wm. H. Wilson, 26, East Parade, Leeds.

COLLARD, CEDRIC WILLIAM, City Treasurer's Department, Guildhall, Rochester, Kent.

COMERTON, EDWARD COLLINS, Clerk to H. B. Brandon & Co., 7, Donegall Square West, Belfast.

COUSIN, ANDREW, Clerk to Peter G. Ritchie (Wm. H. Jack & Co.), 38, Bath Street, Glasgow.

COWIE, MERVYN HUGH, Clerk to Dunn, Hornby & Co., P.O. Box 312, Nairobi, Kenya Colony.

CURITZ, DAVID, Clerk to S. E. Clutterbuck (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.

CURRELL, ROBERT HENRY, Clerk to H. Rainsbury (H. Rainsbury & Co.), 65-66, Basinghall Street, London, E.C.2.

DAVIS, ALFRED, Clerk to Harry Potts (Clayton & Potts), 4, South Parade, Leeds.

DAYKIN, FRANK WARREN, Clerk to H. R. Horne (Nutt & Horne), St. James' Street, Derby.

DEAN, WILLIAM NEVILLE RONALD, Clerk to Galleway & Clarke, 70, Finsbury Pavement, London, E.C.2.

DEWHURST, EDWARD VINCENT, Clerk to John Watson, Sons & Wheatcroft, 11, Leopold Street, Sheffield.

DRIVER, ALBERT DAVID, Clerk to Frederick R. Petty, Court Chambers, North Street, Keighley.

DUFF, FRANCIS EDWARD, H.M. Inspector of Taxes, 1st District, 5th Floor, India Buildings, Water Street, Liverpool.

EDWARDS, HOWELL DAVID, Clerk to F. J. Alban (Alban & Lamb), Central Chambers, Newport, Mon.

ELSDEN, JOHN JAMES, Clerk to Hodgson, Harris & Co., 135, Fenchurch Street, E.C.3.

FAIRHURST, JOHN, Clerk to E. W. Johnson (Holmes & Turner), Arcade Chambers, Wigan.

FIELD, HERBERT STANLEY, Clerk to Salmon, Barnaschone & Co., 133, Aldersgate Street, London, E.C.1.

FINCH, REDVERS BULLER, Clerk to Thornton & Thornton, 3-4, King Edward Street, Oxford.

FITZHUGH, SIDNEY, Clerk to Waterworth, Rudd & Hare, Central Buildings, Richmond Terrace, Blackburn.

FOOKS, HAROLD CHRISTOPHER, Clerk to J. Fooks & Son, 3, Park Place, Cardiff.

FOOT, CHARLES RANFORD, Clerk to H. J. E. Batchelor, 44, Above Bar, Southampton.

FORSTER, CYRIL FRANCIS, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.

FORSYTH, WILLIAM, City Treasurer's Office, 17, Fisher Street, Carlisle.

GALLIMORE, GEORGE, Clerk to Appleby & Wood, 6, Bloomsbury Square, London, W.C.1.

GARDNER, ARTHUR HENRY, City Accountant's Department, 43, Northgate Street, Chester.

GIBB, JOHN CECIL, Clerk to Robert T. Dunlop, 45, Renfield Street, Glasgow.

GIBSON, CHARLES GORDON, Clerk to G. S. Pitt (Bolton, Pitt & Breden), 27, Clement's Lane, Lombard Street, London, E.C.4.

GLOVER, GEORGE WILLIAM HENRY, Clerk to Henry Lawrence, Midland Chambers, 5, Gallowtree Gate, Leicester.

GOODALL, GEORGE, Clerk to Woodhead & Brayshaw, 15, Manor Square, Otley.

GREEN, JAMES LEONARD, Clerk to Messrs. Ward & Clarke, 31, Castle Hill, Lancaster.

HAKIM, GORDON JAMES, Clerk to F. E. Clements (Lomax, Clements, Gladstone & Co.), Greenwich House, 10-13, Newgate Street, London, E.C.4.

HALEY, JOHN HERBERT, Clerk to J. Herbert Haley, 29, Tyttel Street, Bradford.

HALL, ERNEST WALTER, Clerk to A. Cyril Storey (J. A. Kinnear & Co.), 3-4, College Street, Dublin, C.5.

HARDY, GEORGE HENRY, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.

HARRIS, STANLEY THISTLEWOOD, Clerk to Kilby & Fox, Drury Chambers, Market Square, Northampton.

HAYDON, WILLIAM GEOFFREY, Athenæum Chambers, George Street, Plymouth, Practising Accountant.

HILL, ALBERT HENRY, Clerk to R. G. Storey, 8, Oxford Chambers, 12, St. Stephen's Street, Bristol.

FINAL—(Continued.)

- HILL, JOHN MAXWELL, Clerk to Pearson, Nightingale & Co., Queen Street, Wolverhampton.
- HILL, WILFRED HENRY, Clerk to Paton, Boyce & Welch, 3, Piccadilly, Bradford.
- HILLIER, JOHN, Clerk to H. J. Cox (H. J. Cox & Co.), Cardiff Chambers, 4, Cardiff Road, Luton, Beds.
- HOGG, DAVID ALEXANDER, Borough Accountant's Department, Town Hall, Croydon.
- HOLMAN, HAROLD, Clerk to Hancock & Ashford, 57, Surrey Street, Sheffield.
- HOPTON, STANLEY HAYWARD, Clerk to E. G. White, Bank Chambers, Lammas Street, Carmarthen.
- HORSLEY-CARR, PHILIP, Clerk to W. Carr (W. Carr & Co.), 27, Regent Street, Barnsley.
- HOSE, MALCOLM EDWARD, Clerk to L. Casson (L. Casson & Co.), Bank of England Chambers, Tib Lane, Manchester.
- HOWORTH, HARRY NELSON, Clerk to Sir Charles H. Wilson, Wilson's Chambers, 7, Greek Street, Leeds.
- HUNSWORTH, FRED SHEARD, Exchequer and Audit Department, Audit House, Victoria Embankment, London, E.C.4.
- HUSSEY, ALBERT VICTOR, Clerk to Viney, Price & Goodyear, Empire House, St. Martin's-le-Grand, London, E.C.1.
- JARMAN, ALBERT HENRY, County Treasurer's Department, Somerset County Council, Boulevard, Weston-super-Mare.
- JENNINGS, STEWART, Clerk to Whinney, Smith & Whinney, 4B, Frederick's Place, Old Jewry, London, E.C.2.
- JONES, WILLIAM ERNEST GLYNDWR, Clerk to Alban & Lamb, Central Chambers, Newport, Mon.
- JONES, WILLIAM TUDOR, Clerk to Alban & Lamb, Central Chambers, Newport, Mon.
- KIRKSTEIN, DAVID EMANUEL, Clerk to H. F. Inkpen (Crane, Houghton & Crane), 30A and 31, St. Paul's Churchyard, London, E.C.4.
- KNIGHT, KENNETH HERBERT ALFRED, Clerk to H. Tudor Hughes, Regent Chambers, Colwyn Bay.
- KNOX, WILLIAM JAMES, Finance Department, Middlesex County Council, 10, Great George Street, Westminster, London, S.W.1.
- LEIGH, JAMES PERCY, Clerk to William Eaves, County Bank Chambers, Tyldesley.
- LLEWELYN, IDRIS WYNN, Clerk to E. G. White, Bank Chambers, Lammas Street, Carmarthen.
- LOVELL, FRANCIS JOHN BUYERE, Clerk to Jeffreys, Hogg, Henry & Marks, 10, Coleman Street, London, E.C.2.
- LYDDON, ARTHUR WILLIAM CUMBE, Clerk to S. H. Roberts, 7, Buckland Terrace, Plymouth.
- MACKENZIE, COLIN, Clerk to J. R. Flockhart & Grant, 1, Bon-Accord Square, Aberdeen.
- MACKENZIE, JAMES MELVILLE, Assistant District Auditor, Ministry of Health, No. 1 Audit District, 81, St. Mary's Gate, Newcastle-on-Tyne.
- MARSHALL, FRANCIS LEO, Clerk to W. R. Baskett (H. H. Bobart & Co.), Gresham College, Basinghall Street, London, E.C.2.
- MARSHALL, WILLIAM, Clerk to Arthur Hallett, Harrison & Co., Studio Buildings, Regent Street, Wrexham.
- MARTIN, SAMUEL ALEXANDER, Clerk to Rawlinson, Allen & White, 22A, Donegall Place, Belfast.
- MARTINDALE, JOHN, Clerk to Joseph Binns, Exchange Buildings, Mirfield.
- MCGREGOR, ERIC HUTCHINSON, Clerk to G. Ross (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- McHoul, HUGH, Clerk to McHoul & Murray, 69, Dame Street, Dublin.
- MILLAR, FREDERICK HUGH, Clerk to Hill, Vellacott & Bailey, Coate's Buildings, Castle Street, Belfast.
- MOORE, GERALD JOSEPH, Clerk to Robert J. Kidney, 12-14, College Green, Dublin.
- MOORE, WALTER EDWARD, Clerk to E. Ransom Harrison (Ransom, Harrison & Lewis), 22, High Street, Sheffield.
- MORGAN, DAVID, Clerk to W. B. Hall (Buckley & Hall), National Provincial Chambers, Silver Street, Hull.
- NELSON, GEOFFREY SHEARD, Clerk to W. L. Hickey, 6, Jewry Street, London, E.C.3.
- NEWTON, JOHN, Clerk to W. Claridge & Co., 53, Well Street, Bradford.
- NORMAN, EDWARD JAMES, Chief Inspector of Taxes Department, Somerset House, London, W.C.2.
- OLLERENSHAW, ARTHUR, Clerk to G. T. A. Neaves (J. Murphy & Co.), Union Bank Chambers, Bridge Street, Stockport.
- OWLES, FREDERICK GEORGE BEAUMONT, Clerk to W. E. Holland (Oldham, Holland & Co.), 17, Coleman Street, London, E.C.2.
- PARKER, ARTHUR TWEDDLE, Clerk to J. F. Chapman (W. T. Walton, Son & Rowland), Victoria Buildings, Stockton-on-Tees.
- PARKINSON, JOHN RABY, Clerk to T. Atkinson (Waters & Atkinson), 2A, Euston Road, Morecambe.
- PARTIDGE, ERIC GEORGE, Clerk to J. H. Croydon (Spencer, Payne & Morris), 6, Wardrobe Place, Doctors' Commons, London, E.C.4.
- PHILLIPS, ALEXANDER GALT MERCER, Clerk to Carswell & Clark, 12, Gordon Street, Glasgow.
- PHILLIPS, LEONARD HORACE, Clerk to Alban & Lamb, 11, Pembroke Terrace, Cardiff.
- POLLARD, HECTOR HUGO, Clerk to H. W. Pratt, 5, Silver Street, Wellingborough.
- POLOWAY, MORRIS, Clerk to A. H. Friend (Friend, Ellis & Co.), 44, Chepstow Road, Newport, Mon.
- PROSSER, SYDNEY JAMES, Finance Department, Norfolk County Council, The Shirehouse, Norwich.
- QUAYE, WILLIAM ALFRED, Clerk to Wood, Alberty, Longdon-Griffiths & Co., 64, Coleman Street, London, E.C.2.
- REEVE, JOHN JOSEPH, Clerk to Gilberts, Hallett & Eglington, 51, Coleman Street, London, E.C.2.
- RHODES, THOMAS MORGAN, Clerk to Rhodes & Stringer, 31, Manor Row, Bradford.
- RICHARDS, ALEXANDER GEORGE, Clerk to F. W. Stephens & Co., Liverpool House, 15-17, Eldon Street, London, E.C.2.
- RIMINGTON, GEOFFREY, Clerk to Ford & Rimington, 59, Wellington Road South, Stockport.
- ROBERTS, FREDERIC JOHN GUILFORD, Clerk to Harper Smiths, 30, London Street, Norwich.
- ROOKE, WESLEY EDWIN (Rooke, Holt & Co.), Empire House, St. Martin's-le-Grand, London, E.C.1, Practising Accountant.
- ROWLAND, ERIC HARVEY CEARNS, Clerk to W. D. Goatly (W. D. Goatly & Co.), 11, Old Jewry Chambers, London, E.C.2.
- ROY, BIBHUTI BHUSAN, B.A., Clerk to S. R. Batliboi & Co., 9, Grant Lane, Calcutta, India.
- SAMMAN, RONALD ARTHUR CHATTAWAY, Clerk to W. Flower Symonds, 18, North Street, Colchester.
- SCOTT, HENRY, Clerk to Forster, Scollick & Co., Pearl Buildings, Newcastle-on-Tyne.
- SEATON, ARCHIBALD ALSTON, City Treasurer's Office, Guildhall, Rochester.

FINAL—(Continued.)

- SHAH, RAMANLAL BHOGILAL, B.Com., Clerk to Dalal & Shah, 70, Meadows Street, Fort, Bombay.
- SHAW, ALFRED, Clerk to Greenhalgh, Sharp & Co., 30, Brown Street, Manchester.
- SILVERBERG, MARTIN, Clerk to C. W. S. Temple (Clifford Towers, Woodroffe & Co.), 9-10, Pancras Lane, Queen Street, London, E.C.4.
- SINDEN, FREDERICK VICTOR, Clerk to Kemp, Chatteris, Nichols, Sendell & Co., 36, Walbrook, London, E.C.4.
- SLAYMAKER, DOROTHY MAY, Clerk to Wentworth, Price, Gadsby & Co., 8, Windsor Place, Cardiff.
- SMITH, HORACE GRANVILLE, Clerk to Evans, Peirson & Co., Portland House, Basinghall Street, London, E.C.2.
- SOUTHGATE, PERCIVAL JAMES, Clerk to A. E. Quaife & Johnson, 7, Calverley Parade, Tunbridge Wells.
- SPOORS, JOHN ELLIOTT, Clerk to J. H. Whyte, 21, Grainger Street West, Newcastle-on-Tyne.
- STANYER, ARTHUR, Clerk to Britten, Kott & Co., 16, John Dalton Street, Manchester.
- STEPHENS, KENNETH VINSON, Clerk to S. E. Clutterbuck (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- STEPHENS, STANLEY GORDON, Clerk to Stanley F. Stephens & Co., 16-17, New Hibernia Chambers, London Bridge, London, S.E.1.
- TAIT, JOHN, Clerk to Millen P. Killey & Co., 10, Hardshaw Street, St. Helens, Lancs.
- TATE, NORMAN, Clerk to Edward Sparks & Son, 24, Grainger Street West, Newcastle-on-Tyne.
- THOMAS, OLIVER JOHN, Clerk to Percy H. Walker, 4, Park Place, Cardiff.
- THOMAS, WILLIAM ALBERT, Clerk to Thompson & Wood, 22, Broad Street, Hereford.
- THOMPSON, ARTHUR FRANK, Clerk to Rhodes & Stringer, 31, Manor Row, Bradford.
- THOMPSON, HAROLD JOHN, Clerk to Slater, Chapman & Co., Viaduct Chambers, 38, Holborn Viaduct, London, E.C.1.
- THWAITES, THOMAS HARTLEY, formerly articled to J. W. Armstrong (J. W. Armstrong & Sons), 2, Collingwood Street, Newcastle-on-Tyne.
- TINTO, THOMAS, City Chamberlain's Office, 285, George Street, Glasgow.
- TRACE, CLEMENT VERNON, Clerk to A. E. J. Holland (Kimpton, Holland & Co.), Tredegar Chambers, Bridge Street, Newport, Mon.
- TRANMER, CHARLES SHATFIELD, Clerk to C. W. Preston, 50, Market Place, Hull.
- WAKEFORD, FRED, Clerk to F. L. Rouse (F. L. Rouse & Co.), 2, New Court, Lincoln's Inn, London, W.C.2.
- WALES, CONRAD, L.L.B., H.M. Inspector of Taxes, Board of Inland Revenue, Bath.
- WALPOLE, GEORGE HENRY, 37, Montpelier Street, Brighton, Practising Accountant.
- WARNES, WALTER SCOTT, Clerk to W. H. Warnes (W. H. & C. F. Warnes), 6, John Dalton Street, Manchester.
- WATERS, RICHARD GRAHAM, Clerk to R. Caws, 16, Stratford Road, Kensington, London, W.8.
- WHITEHEAD, WALTER, Clerk to Richard C. Worthington, 2, Birley Street, Blackpool.
- WIGGINS, LEWIS ARTHUR, Clerk to Creasey, Son & Wickenden, 12, Lonsdale Gardens, Mount Pleasant, Tunbridge Wells.
- WILKINSON, WALTER RIDGE, Borough Treasurer's Office, Town Hall, Southampton.
- WILLIAMS, KENNETH SILVESTER, Clerk to T. R. Morris (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- WILLIAMS, ROBERT EMMERSON BATTY, H.M. Inspector of Taxes, No. 1 District, Stockton-on-Tees.
- WILSON, FRED, Borough Treasurer's Department, Council House, Walsall.
- WILSON, JAMES, H.M. Inspector of Taxes, Board of Inland Revenue, Ealing District, 34, Uxbridge Road, London, W.5.
- YATES, HENRY, Clerk to P. Clarkson, 14, Winckley Square, Preston.

SUMMARY :—

3	Candidates awarded Honours.
146	Candidates passed.
182	Candidates failed.
<u>331</u>	Total.

Passed in Intermediate.

Order of Merit.

PARAMOUR, JOSEPH RICHARD, Clerk to Saffery, Sons & Co., 14, Old Jewry Chambers, London, E.C.2. (*First Place Certificate and First Prize.*)

HARRISON, JOSEPH, Borough Treasurer's Department, Scarborough. (*Second Place Certificate and Second Prize.*)

HAYHOW, HENRY, Borough Treasurer's Office, Town Hall, Fulham, London, S.W.6. (*Third Place Certificate.*)

RUSSELL, JOHN CHARLES, Clerk to Collins, Tootell & Co., 11, Queen Victoria Street, London, E.C.4. (*Fourth Place Certificate.*)

CLAYTON, EDGAR FRANCIS, H.M. Inspector of Taxes, Ipswich 1st District, 29, Nacton Road, Ipswich. (*Fifth Place Certificate.*)

SOMERVILLE, CHARLES EDWARD BRANSCOMBE, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2. (*Sixth Place Certificate.*)

COWTAN, GLADYS LAURA, Clerk to Miss M. M. Homersham, 106, St. Clement's House, Clement's Lane, London, E.C.4. (*Seventh Place Certificate.*)

BOOTH, WILLIAM ROBERT, Clerk to Edmund D. White & Sons, 45A, Dale Street, Liverpool. (*Eighth Place Certificate.*)

Alphabetical Order.

ADAMSON, RONALD, Clerk to A. C. Churchill (Bolton, Wawn & Co.), 48, West Sunnyside, Sunderland.

ALLEN, BENJAMIN JAMES, Clerk to Henry J. Allen, 37, Surrey Street, Sheffield.

ALLEN, NORMAN KEYMER, Clerk to G. S. Pitt (Bolton, Pitt & Breden), 27, Clement's Lane, Lombard Street, London, E.C.3.

ALLEN, SYDNEY ARTHUR, Clerk to Chas. W. Rooke & Co., 2-3, Norfolk Street, Strand, London, W.C.2.

ALLNUT, PERCY WILLIAM, Clerk to A. J. Johnson (C. Johnson & Son), 35, Southgate Street, Winchester.

ANTILL, WILLIAM HENRY THOMAS, Clerk to T. E. Clarke, Friary Chambers, Friary Lane, Nottingham.

ASHCROFT, THOMAS, Urban District Council, Council Offices, Church Road, Haydock, Lancs.

ATKINSON, WILLIAM ORWIN, Borough Treasurer's Department, Municipal Offices, Watford.

BARHAM, LESLIE JOHN, Clerk to W. S. Samuda (Matthews, Wiseman & Co.), 70, Victoria Street, Westminster, London, S.W.1.

BAXENDALE, ARTHUR, City Treasurer's Office, Town Hall, Manchester.

BEECH, ALBERT, Clerk to C. Clive Saxton (Saxton, Shaw & Co.), Eldon Street, Barnsley.

INTERMEDIATE—(Continued.)

- BELL, MERVYN, Clerk to J. A. Kinnear & Co., Provincial Bank Chambers, 3-4, College Street, Dublin, C.5.
- BENNETT, RAYMOND, Clerk to F. R. Thurlow (Gill & Thurlow), Martin's Bank Chambers, Tyrrel Street, Bradford.
- BENT, GEORGE ERIC, Clerk to F. Simkin (Simkin & Arnold), 16, New Street, Leicester.
- BENTHAM, FRANK, Clerk to Burton & Bisley, Tower Chambers, 29, Brown Street, Manchester.
- BENTHAM, WALTER, Clerk to Bottomley & Smith, Halifax Permanent Chambers, Cavendish Street, Keighley.
- BESW, SAMUEL BERNARD PARSONS, Clerk to Percival White (White & Pawley), 6, Sussex Terrace, Princess Square, Plymouth.
- BHESANIA, MERWANJI NUSSEWANJI, Clerk to Holliday, Robertson & Co., Empire House, St. Martin's-le-Grand, London, E.C.1.
- BIRCHENOUGH, ALLAN (George H. & R. Highcock), 3, Rumford Place, Liverpool, Practising Accountant.
- BIRKBECK, WILLIAM ADDISON, Clerk to O. A. Watson (Watson & Tebbet), 24-26, Corridor Chambers, Market Place, Leicester.
- BIRKETT, SIDNEY JAMES, Clerk to Chantry, Button & Co., Africa House, Kingsway, London, W.C.2.
- BLACK, NORMAN, Clerk to W. J. M. Stewart (W. J. M. Stewart & Co.), 75, High Street, Belfast.
- BOFFEY, JAMES ROWLAND, Borough Accountant's Department, Municipal Buildings, Reigate.
- BOLTON, ALFRED, Clerk to Bowman, Grimshaw & Co., 26, Birley Street, Blackpool.
- BOOTH, BERNARD WHITELEY WILLIAM, Clerk to D. W. Henley (Albert A. Henley & Co.), Portland House, 73, Basinghall Street, London, E.C.2.
- BOWKETT, HAROLD JOHN, Clerk to Weeks, Hillyard & Co., Weaver's Hall, 22, Basinghall Street, London, E.C.2.
- BOWYER, JOSEPH, Clerk to Bourner, Bullock & Co., 36, Derby Street, Leek, Staffs.
- BRADFORD, HARRY ALBERT, H.M. Inspector of Taxes, Leyton District, 845-847, High Road, Leytonstone, London, E.11.
- BROOKS, REUBEN, Clerk to A. G. Mortimer, 43, Chancery Lane, London, W.C.2.
- BROWN, ALEC, Clerk to B. Collinge (Collinge & Halstead), St. Mary's Chambers, Fleet Street, Bury.
- BROWN, HERBERT EDWARD, Clerk to G. H. Blair (Bedell & Blair), 44, Brazennose Street, Manchester.
- BROWNRIDGE, DONALD WILSON, Clerk to Victor Walton, 26-27, Bond Street, Leeds.
- BRYANT, CYRIL HENRY, Clerk to H. H. Bobart (H. H. Bobart & Co.), Gresham College, Basinghall Street, London, E.C.2.
- BULLARD, HERBERT, Clerk to H. E. Lacey (F. Roberts & Co.), 15, Guildhall Road, Northampton.
- BURGESS, WILLIAM WALLACE JAMES, Clerk to H. H. W. Perkins (Perkins, Copeland & Co.), 7, Bolton Chambers, Bolton Road, Eastbourne.
- BURNS, LESLIE BULMER, Clerk to Stanley Scotter, Lloyds Bank Chambers, Market Place, Hull.
- BURRIDGE, ARTHUR HENRY, Clerk to Evans, Peirson & Co., Portland House, Basinghall Street, London, E.C.2.
- BUSFIELD, CHARLES CYRIL, Clerk to T. Revell, Standard Buildings, City Square, Leeds.
- BYE, LEONARD CHARLES, Clerk to J. H. Simmonds, 44, Albert Road, Middlesbrough.
- CHAKRAVARTY, NARES CHANDRA, Clerk to Fredk. W. Harris (F. W. Harris & Co.), 28, New Bridge Street, London, E.C.4.
- CHALMERS, ALEXANDER, Clerk to J. H. Pontefract, 3, York Street, Manchester.
- CHUBB, ROBERT GLOYN, Clerk to W. Graves (Morgan Bros. & Co.), 54, New Broad Street, London, E.C.2.
- CHUTER, GEORGE STEPHEN, Export Credits Guarantee Department, Department of Overseas Trade, Board of Trade, 9, Clement's Lane, Lombard Street, London, E.C.4.
- CLARIDGE, FREDERICK WILLIAM, Clerk to A. Ednie (McPherson, Timmins & Ednie), 7, St. Paul's Square, Bedford.
- COMBER, CHARLES JAMES, Clerk to Smallfield, Rawlins, Thomas & Co., 1, Ironmonger Lane, London, E.C.2.
- COOPER, FRANK REDVERS, Clerk to Cooper, Newall & Co., Old Colony House, South King Street, Manchester.
- COPLAND, HARRY, Clerk to J. W. Grayston (John Lund & Co.), City Chambers, 2, Darley Street, Bradford.
- CORNES, BERNARD CHARLES, Clerk to Brown, Peet & Tilly, 37-38, Mark Lane, London, E.C.3.
- CORNWELL, ALFRED, Finance Department, County Hall, Truro.
- COWLEY, WILLIAM, Clerk to A. E. Goskar (Ashmole, Edwards & Coskar), Cornhill Chambers, Christina Street, Swansea.
- COXON, LOUIS STANHOPE, Clerk to J. N. Nutt (Nutt & Horne), St. James's Chambers, Derby.
- COYLE, JAMES PATRICK GABRIEL, Clerk to P. J. Purtill (Purtill & Co.), 33-34, Anglesea Street, Dublin.
- CRANG, CYRIL JAMES, Clerk to S. E. Clutterbuck (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- CRICK, STEPHEN LESLIE, Clerk to D. F. Middlemiss (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.
- CUTHBERT, ARTHUR, Clerk to Reads, Cocke & Watson, 47, Gresham Street, London, E.C.2.
- DANIELS, ARTHUR EVANS, City Treasurer's Department, Guildhall, Rochester.
- DARNILL, EDGAR WILLIAM, Clerk to G. R. Leithead (Taylor, Froude & Newbold), Crown Buildings Loseby Lane, Leicester.
- DAVIES, GEOFFREY, Clerk to Harwood Banner & Son, 24, North John Street, Liverpool.
- DAVIES, WILLIAM EDWARD, District Audit Staff, Ministry of Health, Whitehall, London, S.W.1.
- DICKENS, JOHN WILLIAM, Clerk to O. Collins, 36, Cannon Street, Birmingham.
- DIX, WILLIAM, Clerk to Percy W. Lawrie, 41, Belvoir Street, Leicester.
- DIXON, REGINALD ERRINGTON, Borough Treasurer's Office, Hallgate, Doncaster.
- DODD, WILLIAM, Clerk to Harry L. Price & Co., 47, Mosley Street, Manchester.
- DOUGAN, DENNIS LESLIE, Clerk to Leslie D. Malpas, Upper Hinton Chambers, Upper Hinton Road, Bournemouth.
- DUTHIE, JAMES, Clerk to Alexander Davidson, Arbuthnot House, Peterhead.
- DUTT, JATINDRA NATH, M.Sc., Military Accounts Department of India, Presidency and Assam District, Calcutta, India.
- EASTON, DANIEL AUGUSTUS, Clerk to R. T. Warwick (W. T. Walton & Son), Marlow House, Lloyds Avenue, London, E.C.3.

INTERMEDIATE—(Continued.)

- EDWARDS, HUBERT JOSEPH, Clerk to R. C. L. Thomas (Walter Hunter, Bartlett & Co.), 24, Bridge Street, Newport, Mon.
- ELLIS, ERIC DIBNAH, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- ESTRIN, MAURICE, Clerk to Ernest E. Hill, 26, High Street, Cardiff.
- EVANS, CYRIL POWELL, Clerk to H. W. Baddeley, Corn Exchange Chambers, Newport, Mon.
- FISHER, ALFRED GEORGE, Accountant's Department, Council Offices, 71, Brighton Road, Purley, Surrey.
- FLEMING, NORMAN CARR RICHMOND, Clerk to Charles E. Dolby & Son, May Buildings, 51, North John Street, Liverpool.
- FLOWERS, JOHN ALFRED, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- FROOME, HARRY, Clerk to A. G. Browne (A. C. Mole & Co.), Stafford House, Taunton.
- GARSDIE, WILLIAM EDWARD, Clerk to Armitage & Norton, Station Street Buildings, Huddersfield.
- GHOSH, SAROJENDU, B.Sc., Clerk to Philip E. Farr (Philip E. Farr, Rose & Co.), Bassishaw House, 70A, Basinghall Street, London, E.C.2.
- GILL, LESLIE ARTHUR, Clerk to Paton, Boyce & Welch, 3, Piccadilly, Bradford.
- GILLAM, JOHN THOMAS, Clerk to H. T. Millman (Thomas May & Co.), Allen House, Newarke Street, Leicester.
- GLENISTER, GRAHAM GEORGE, Clerk to Drury, Thurgood & Co., 114-119, Mansion House Chambers, 11, Queen Victoria Street, London, E.C.4.
- GODFREY, WILFRED, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- GREEN, DAVID ALEXANDER, Clerk to Thomas Banville & Co., Clarence Chambers, 4, Piccadilly, Manchester.
- GREENACRE, HOWARD JOHN HENRY, Clerk to Gardiner, Hunter & Co., 40-41, Old Broad Street, London, E.C.2.
- GREGORY, STANLEY VERNON, Clerk to A. Richardson (A. & E. Law & Co.), King's Court, Bridge Street, Walsall.
- GRUGEON, BRYAN, Clerk to Alfred Wright (Alfred Wright & Co.), 6, Duke Street, St. James's, London, S.W.1.
- GWYTHYR, GORDON IVEMEY, Clerk to E. Baldry (Allen & Baldry), Adelaide House, King William Street, London, E.C.4.
- HAMILTON, JOHN STEWART, City Chamberlain's Office, 285, George Street, Glasgow.
- HAMMOND, FREDERICK WALTER, Audit Department, Ministry of Health (Eastern Area), Mile Cross, Norwich.
- HANNANT, FREDERICK JOHN, Clerk to H. W. West, 618, Romford Road, London, E.12.
- HELMORE, LEONARD MERVYN, District Audit Staff, Ministry of Health, Whitehall, London, S.W.1.
- HEWAT, IAN MAURICE, Clerk to Robert Fraser, 55, West Regent Street, Glasgow, C.2.
- HIGGS, GEORGE WILLIAM, Clerk to Crew, Turnbull & Co., George Street West, Luton.
- HIGNETT, JOHN WARNER, Clerk to B. Collinge (Collinge & Halstead), St. Mary's Chambers, Fleet Street, Bury, Lancs.
- HODIERNE, FRANK HENRY, Clerk to H. M. James (James & Co.), Turnbells Chambers, 14, High Street, Coventry.
- HOPWOOD, SAMUEL, Clerk to Edwin Guthrie & Co., 71, King Street, Manchester.
- HORSPOOL, BRIAN STANHOPE, Clerk to E. Holbrook (E. Holbrook & Co.), 24-25, Western Mail Chambers, St. Mary Street, Cardiff.
- HORTON, ARNOLD CUTHBERT, Clerk to A. W. Horton (Saunders, Horton & Co.), The Cardiff Chambers, 29-31, St. Mary Street, Cardiff.
- HUNNIBALL, WALTER GEORGE, Clerk to H. Cumming, 7, Winckley Square, Preston.
- HUNT, GEORGE HENRY, Clerk to Hubert, Leicester & Co., 15, Foregate, Worcester.
- HUTCHESON, JAMES BLAIR, City Chamberlain's Office, 285, George Street, Glasgow.
- INGAMELLS, HARRY, Clerk to Armitage & Norton, Atlas Chambers, King Street, Leeds.
- INKIN, WILLIAM GRIFFITH LLOYD, Clerk to F. E. Price (Alban & Lamb), Central Chambers, Newport, Mon.
- INNES, ALEXANDER THOMAS, Clerk to E. M. Brodie (James M. Brodie & Co.), 73, Princes Street, Port Glasgow.
- JACKSON, TOM, Clerk to W. D. Burlinson & Co., Union Bank Chambers, Batley.
- JACQUES, JOHN ROWLAND, Clerk to H. Harris (Harry Harris & Co.), 2-4, East Circus Street, Nottingham.
- JAMES, WILFRED PREECE, Clerk to Percival White (White & Pawley), 6, Sussex Terrace, Princess Square, Plymouth.
- JEFFEREYS, THOMAS WILLIAMS, Clerk to T. Mills (Brinley Bowen & Mills), 22, Wind Street, Swansea.
- JOHNSON, CHARLES HENRY, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- JOHNSON, ROBERT LUBBOCK, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- JOHNSON, THOMAS REGINALD, City Treasurer's Department, The Council House, Birmingham.
- JONES, EDWARD WICKERSON, Exchequer and Audit Department, Audit House, Victoria Embankment, London, E.C.4.
- JONES, HORACE, Clerk to Barton, Mayhew & Co., Alderman's House, Bishopsgate, London, E.C.2.
- JONES, IVOR OWEN, Clerk to G. N. Sinclair (Garner, Pugh & Sinclair), Prudential Chambers, Oswestry.
- JOY, ALEC EUGENE LANE, Clerk to H. A. Merchant, 48, Uxbridge Road, Ealing, London, W.5.
- KABRAJI, DOSABHOY HIRAJI, B.A., Clerk to Sorab S. Engineer & Co., 45, Apollo Street, Bombay, India.
- KAR, SUBODH KRISHNA, B.Sc., Clerk to G. Basu & Co., Salisbury House, 3-1, Bankshall Street, Calcutta, India.
- KENNEDY, CYRIL NOBLE, Clerk to Clarkson & Barwick, 40, South Street, Cokermouth.
- KERR, ROBERT, Clerk to F. W. Hanson, Court Chambers, Jessop Street, Castleford.
- KEVILL, PETER, Clerk to Percival Clarkson, 14, Winckley Square, Preston.
- KEYS, FRED, Clerk to Chas. O. Nicholson & Co., 66, John Street, Sunderland.
- KING, STEPHEN NOEL, Clerk to E. Bicker (Edward Bicker & Son), Exchange Buildings, Upper Hinton Road, Bournemouth.
- KINNEAR, JAMES, City Chamberlain's Office, 285, George Street, Glasgow.
- LANGMUIR, JOHN, City Chamberlain's Office, 285, George Street, Glasgow.
- LATEY, SADASHIV GANGADHAR, Clerk to J. A. Cook (J. A. Cook & Co.), 10, Essex Street, Strand, London, W.C.2.
- LAWLER, JOHN JOSEPH, Clerk to Finney, Son & Sadler, 31, North John Street, Liverpool.

INTERMEDIATE—(Continued.)

- LEE, JOHN CHARLES EDWARD, Clerk to A. H. Brewer (Mundy, Brewer & Johnson), 3, Wood Street, Queen Square, Bath.
- LENNIE, ERIC, Clerk to Cecil Semper, 15, Lord Street, Liverpool.
- LINDLEY, ROY MACKENZIE, Borough Treasurer's Department, Town Hall, Wigan.
- LIVSEY, ROBERT CLIFFORD, Clerk to Edmund D. White & Sons, 45A, Dale Street, Liverpool.
- LIVIE, RONALD CHARLES, Borough Treasurer's Department, Council House, Smethwick.
- LOTHOUSE, WILLIS JOHN, H.M. Inspector of Taxes, Middlesbrough 2nd District, Post Office Buildings, Middlesbrough.
- LUCAS, RONALD SAYWIN, Clerk to H. Moulder (Johnstone, Davies & Moulder), 13, Church Street, Kidderminster.
- MALLETT, MAXWELL THOMAS, Clerk to Davis & Benjafield, 27, High Street, Glastonbury.
- MALLINSON, JOSEPH HARRISON, Clerk to W. S. Cunliffe & Co., 40, King Street, Manchester.
- MANDVIWALLA, NARIMAN RUTTONJEE, Clerk to Holliday, Robertson & Co., Empire House, St. Martin's-le-Grand, London, E.C.1.
- MARSDEN, STANLEY, City Treasurer's Department, Town Hall, Sheffield.
- MAY, ALFRED JOHN, Clerk to Ware, Ward & Co., Queen Anne's Chambers, Barnstaple.
- MCKEOWN, ARTHUR, Clerk to S. B. I. Abbott (S. B. I. Abbott & Co.), 7, Bedford Street, Belfast.
- McMURRAY, JOSEPH, Clerk to E. S. Whittington (Styler, Fray & Whittington), 1, Dickenson Street, Manchester.
- MELLOR, LEONARD FREDERICK, Clerk to W. E. Tydeman, 73A, Canonbury Road, London, N.1.
- MIDDLETON, WILLIAM JOHN, Clerk to Heathcote & Coleman, 25, Bennett's Hill, Birmingham.
- MILLNER, NORAH BEAUMONT, Clerk to W. Vincent Vale (W. Vincent Vale & Co.), 20, Queen Street, Wolverhampton.
- MONNINGTON, EDWARD GORDON, Clerk to E. S. Whittington (Styler, Fray & Whittington), 1, Dickenson Street, Manchester.
- MORGAN, JOHN ALFRED WILLIAM THOMAS, Clerk to A. E. Pugh, 19, Carlton Chambers, High Street, Newport, Mon.
- MORRELL, ALBERT, Clerk to Charles L. Townend (Charles L. Townend & Co.), Permanent Chambers, Halifax.
- MORREY, ALICK, Clerk to Bourmer, Bullock & Co., 17, Albion Street, Hanley.
- MORSE, ALEXANDER JOHN, Borough Treasurer's Department, County Borough of West Ham, Municipal Offices, The Grove, Stratford, London, E.15.
- MOWFORTH, ALBERT ERIC, Clerk to C. F. Carlisle (D. W. A. Phipp & Co.), 15, Park Row, Nottingham.
- NAVDER, DARABSHA NUSSEERWANJI, B.Com., Clerk to Navtoz A. Davar & Co., 235, Hornby Road, Fort, Bombay.
- NAYLOR, MAURICE, Clerk to John Potter (John Potter & Harrison), 22, Birley Street, Blackpool.
- NAYLOR, WILFRED, Clerk to J. W. Kneeshaw & Co., Hargreaves Street, Burnley.
- NEILL, WILFRED, Clerk to Walton, Watts & Co., Canada Chambers, 36, Spring Gardens, Manchester.
- NICOL, JAMES LEISHMAN, Clerk to Festus Moffat, 126, High Street, Falkirk.
- NOONAN, JOHN, Clerk to W. A. Collier Booth, 12, St. George's Crescent, Liverpool.
- NUTT, GEOFFREY, Clerk to Nutt & Horne, St. James' Chambers, Derby.
- OVERBURY, ERIC FOSTER, Clerk to W. Charles Cattell, Bank Chambers, High Street, Kettering.
- OWENS, ALLAN BERNARD JOHN DENNIS, Clerk to H. C. Banting, 20, Bedford Row, London, W.C.1.
- PAGE, JOHN, Clerk to P. F. Keens (Keens, Shay, Keens & Co.), Greenhill Chambers, Harrow.
- PAGE, STANLEY, Clerk to Frank C. Bevan & Co., Exchange Buildings, Swansea.
- PAYNE, CHARLES, Clerk to A. E. Woodington (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.
- PENN, ERIC WILLIAM, Clerk to J. H. Grove (J. Hulbert Grove & Co.), 133-5, Oxford Street, London, W.1.
- PHILLIPS, JAMES ROBERT, Clerk to C. Hewetson Nelson (C. Hewetson Nelson, Robson & Co.), 43, Castle Street, Liverpool.
- PICKERING, ARTHUR DIGBY, Clerk to J. Butler (Brown, Butler & Co.), 66, Albion Street, Leeds.
- PITCHERS, JACK, Clerk to A. G. Sayers, Seaton & Butterworth, 62-64, Brook Street, London, W.1.
- PORTLOCK, CHARLES GROSVENOR, Clerk to Eric Portlock (Henry Portlock & Co.), 186, Bishopsgate, London, E.C.2.
- POTTS, NORMAN, Clerk to Chas. H. Mellor, Union Bank Chambers, Market Street, Stalybridge.
- PRAGER, LESLIE ISRAEL, Clerk to E. C. Saphin, Cromwell House, Fulwood Place, High Holborn, London, W.C.1.
- PURSER, CLAUDE DE VERE, Clerk to C. W. Braddy (Ponsford, Braddy & Co.), 87, Moorgate, London, E.C.2.
- RANDLE, GILES NOAL, Clerk to W. M. McKenzie (Metcalf, McKenzie & Ingram), 32, West Sunniside, Sunderland.
- REANEY, NORMAN ROBERT, Clerk to A. Cropp Hawkins, Vale Chambers, 52, Liverpool Road, Stoke-on-Trent.
- REDDY, CHINCHODE DAMODHAR, Clerk to E. Friis (Shaw, De Freece & Co.), Palace House, 128, Shaftesbury Avenue, London, W.1.
- REID, HIRAM, Borough Accountant's Department, Middlesbrough.
- RICE, LESLIE JAMES, Clerk to Brown, Peet & Tilly, 37-38, Mark Lane, London, E.C.3.
- ROBERTS, FREDERICK ROY, Clerk to W. S. Hutchison, 24, Rood Lane, London, E.C.3.
- ROBERTS, GEORGE FRANK, Clerk to Singleton, Fabian & Co., 8, Staple Inn, London, W.C.1.
- ROBINS, CLIFFORD SMITH, Clerk to Bland & Fielden, 11, Sir Isaac's Walk, Colchester.
- ROBINSON, FRANK, Clerk to Leather & Veale, Midland Bank Chambers, Cleckheaton.
- ROBINSON, GEORGE EDWARD, Clerk to John Gordon & Co., 7, Bond Place, Leeds.
- ROBINSON, THOMAS RAYMOND, Clerk to T. G. Green, 37, Saddler Street, Durham.
- ROBSON, WILLIAM, Clerk to Allan, Charlesworth & Co., 4, Fenchurch Avenue, London, E.C.3.
- RUSSELL, WALTER REGINALD, Clerk to Buckley & Hall, National Provincial Chambers, Silver Street, Hull.
- RUSSELL, WILLIAM GEORGE AINGE, Clerk to Newman, Biggs & Co., 133, Edmund Street, Birmingham.
- SAMBAMURTI, MELAKKAVERI NATESA IYER, B.A., Clerk to M. K. Dandeker, 8, Sunkarama Chetty Street, Madras.
- SAUNDERS, SIDNEY THOMAS, Clerk to A. J. Harper (A. J. Harper & Co.), 35, Copthall Avenue, London, E.C.2.
- SCOTTER, LESLIE MELVILLE STEWART, Clerk to David Smith, Garnett & Co., 61, Brown Street, Manchester.

INTERMEDIATE—(Continued.)

- SCRIVEN, JOHN NEVILLE, Clerk to O. Coope, 14, Park Row, Leeds.
- SHAH, AMRITLAL JETHALAL, B.Com., Clerk to D. N. Panday, Petit Building, 359, Hornby Road, Fort, Bombay, India.
- SHELBOURN, EDWARD CHARLES BASIL, Clerk to Stanley F. Stephens (Stanley F. Stephens & Co.), New Hibernia Chambers, London Bridge, London, S.E.1.
- SHIRLEY, ARTHUR THOMAS, Clerk to Sydenham, Nicholson & Co., 1-2, Trump Street, King Street, London, E.C.2.
- SIDDLE, EDWARD ROWLAND, Clerk to Albert Goodman & Co., 3, Hammett Street, Taunton.
- SMITH, ALEXANDER, H.M. Inspector of Taxes, Harrogate District, 23, Wayside Crescent, Harrogate.
- SMITH, ARTHUR HODGSON, Clerk to Lee & Graves, 35, Bank Street, Bradford.
- SMITH, HAROLD ASKEW, Clerk to Wm. Ashworth (Ashworth, Moulds & Co.), 7A, Yorkshire Street, Burnley.
- SOPER, WILLIAM JOHN, Clerk to L. J. R. King (Croydon & King), 5, Chancery Lane, London, W.C.2.
- SPENCER, WILFRED JOHN, Clerk to Messrs. James Boyd & Co., Institute Chambers, Edward Street, Portadown.
- SRINIVASAN, SIMILI KRISHNAIYER, B.Com., Clerk to K. S. Aiyar & Co., 65, Apollo Street, Bombay, India.
- STANDEN, DENNIS CLAUDE, Clerk to H. E. White (Slattery & White), 14, Clarges Street, London, W.1.
- STANFIELD, THOMAS ALPHAEUS (T. W. Stanfield & Co.), 11-13, Victoria Street, Liverpool, Practising Accountant.
- STEWART, STANLEY CHARLES, Clerk to Howard, Howes & Co., Norfolk House, Norfolk Street, Strand, London, W.C.2.
- STOKES, ERNEST HARRY, Clerk to Agar, Bates, Neal & Co., 110, Edmund Street, Birmingham.
- STOTT, JACK RANDALL, Clerk to Geo. A. Marriott (Geo. A. Marriott, Rogerson & Co.), 15, Mosley Street, Manchester.
- STREET, HAROLD, Borough Treasurer's Department, Town Hall, Wolverhampton.
- SUNDARARAJAN, MANDAYAN V., B.A., Clerk to K. S. Aiyar & Co., 65, Apollo Street, Bombay, India.
- TARR, STANLEY THOMAS HOOKWAY, Clerk to H. M. B. Ker, The Mart, Bridgwater.
- TAYLOR, EDWARD ALLEN, Clerk to N. B. Hart (Stephenson, Smart & Co.), Queen Street Chambers, Peterborough.
- THOMAS, HAROLD, Clerk to G. E. Davies, Borough Treasurer, Municipal Buildings, Port Talbot.
- THOMPSON, JOSEPH WILLIAM (Allan, Bradley & Thompson), 21, Henry Street, Keighley, Practising Accountant.
- THOMSETT, SYDNEY (P. T. Muggison & Co.), 6 and 7, Corridor Chambers, Market Place, Leicester, Practising Accountant.
- THURSBY, ROBERT JOHNSTON, City Chamberlain's Office, 285, George Street, Glasgow.
- TINKLER, JACK, Clerk to D. H. Jelley (Kilby & Fox), Drury Chambers, Market Square, Northampton.
- TRAVIS, REGINALD GORDON, Clerk to Alfred H. Hunt, 14, Cook Street, Liverpool.
- TREASE, FREDERICK WILLIAM, Clerk to J. H. Trease (W. & J. H. Trease), Notts Bank Chambers, Pelham Street, Nottingham.
- TRUESDALE, WILLIAM KEENE, City Treasurer's Department, Leeds.
- TUCKER, JOHN HENRY, Audit Department, Co-operative Wholesale Society, Ltd., 130, Leman Street, London, E.1.
- VAN HAM, ERNEST, City Treasurer's Department, Town Hall, Newcastle-on-Tyne.
- WADESON, ARTHUR VICTOR, Clerk to H. W. West (H. W. West & Co.), Bank House, 618, Romford Road, London, E.12.
- WATKINS, GEORGE ROBERT LEONARD, Clerk to R. B. Baggaley & Co., Commerce Chambers, Parliament Street, Nottingham.
- WATSON, LEONARD ARTHUR, Clerk to J. Paxton Clarkson (Clarkson & Rumble), 16-17, Devonshire Square, London, E.C.2.
- WATTS, THOMAS WILLIAM, Clerk to Hood & Hopkins, 155, Albert Road, Middlesbrough.
- WEEKS, ARTHUR HENRY, Argyle House, 4, Claremont Road, Forest Gate, London, E.7, Practising Accountant.
- WETHERFIELD, ARTHUR HENRY, Clerk to L. H. Findlay & Co., Brook House, 10-12, Walbrook, London, E.C.4.
- WHEAVER, TERENCE BARNES, Clerk to Geoffrey Horton (Tyler & Wheatcroft), Central House, 75, New Street, Birmingham.
- WHEILDON, LESLIE, Clerk to David Smith, Garnett & Co., 61, Brown Street, Manchester.
- WHELAN, MAURICE FRANCIS, Clerk to Herbert E. Harwood, 73-5, Albion Street, Leeds.
- WHITAKER, JACK, Clerk to H. Reynolds (J. W. Reynolds & Son), 49, Bank Street, Bradford.
- WHITE, ERIC CHARLES, Clerk to H. R. Horne (Nutt & Horne), St. James' Chambers, Derby.
- WHITE, RALPH BERNARD, Clerk to J. Tindall Bunch, Imperial Buildings, Bridge Street, Walsall.
- WHITEMAN, VICTOR, Clerk to Bourner, Bullock & Co., 36, Derby Street, Leek, Staffs.
- WHITFIELD, HAROLD, District Audit Department, Ministry of Health, 12, Victoria Road, Harrogate.
- WILKINSON, GEORGE CUTHBERT, Clerk to T. E. Dent (C. Percy Barrowcliff & Co.), 55-57, Albert Road, Middlesbrough.
- WILLS, DENNIS SAMUEL GEORGE, Clerk to H. P. Gowen (Harman & Gowen), 7, Queen Street, Norwich.
- WILSON, HENRY CECIL COULSON, Clerk to P. F. Ward, 27, Mosley Street, Newcastle-on-Tyne.
- WINTERBOTTOM, BERNARD, Clerk to R. Hindley (Hindley, Hamer & Co.), 231B, Stamford Street, Ashton-under-Lyne.
- WISHART, JAMES WALKINSHAW, Clerk to W. J. Wood (Moir, Wood & Co.), 3, Kinnoull Street, Perth.
- WORMELL, ROBERT CHARLES ERIC, Clerk to F. W. Coope (T. Greenhalgh & Co.), 23A, Clifton Street, Blackpool.
- WRIGHT, REGINALD STEER, Clerk to A. E. Pugh, Carlton Chambers, Newport, Mon.
- YEAXLEE, CEDRIC WELLESLEY, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- YOUNG, FREDERICK BRIAN, Clerk to Wm. Hughes (W. & T. Hughes), 12, Frederick Street, Sunderland.
- YUSUFUDDIN, MOHAMED, B.A., Clerk to D. N. Panday, Petit Building, Fort, Bombay.

SUMMARY :—

8 Candidates awarded Honours.

239 Candidates passed.

219 Candidates failed.

466 Total.

Passed in Preliminary.

Order of Merit.

WADE, EDWIN JOHN, Clerk to D. H. Husband, Adelaide House, Adelaide Street, Cardiff. (*First Place Certificate. Disqualified for Prize by age limit.*)

Alphabetical Order.

ARELL, CYRIL LESLIE, 49, Beresford Road, Chingford, London, E.4.
 ARON, JOHN LEONARD, 61, Roman Road, Barnsbury, London, N.7.
 ASH, GEORGE HENRY, "Elm Cottage," Townville, Castleford, Yorks.
 ATKINSON, GEORGE ARTHUR, 14, Victoria Street, Nunnery Lane, York.
 BALLINGER, LESLIE JOSEPH GARDNER, 147B, Clapham Road, London, S.W.9.
 BATH, VINCENT, 125, Coal Clough Lane, Burnley.
 BECK, WALTER, 19, Compton Road, Harehills, Leeds.
 BELL, JOHN LAURENCE, 23, Grays Road, Grange Estate, Stockton-on-Tees.
 BENNETT, SAMUEL, "Belmont," Henrietta Street, Ashton-under-Lyne, Lancs.
 BEST, GEORGE HENRY, Bucknell, Bicester, Oxon.
 BOLTON, THOMAS SALTER, "Springfields," Brighton Road, Horley, Surrey.
 BROWN, ANDREW, "Shandon," Castle Avenue, Clontarf, Dublin.
 BRYAN, WINSTON OLIVER EVANS, 13, Bridge Street, Worcester.
 BUCKLEY, CHARLES ERIC, "Holmleigh," King's Drive, Heaton Moor, Stockport.
 BURDEN, LESLIE ARTHUR, 43, Hurst Street, Oxford.
 BURROWS, JOHN HENRY, "Fairholm," Byron Road, Hutton, Essex.
 BUXTON, EDWARD, 27, Ford Street, Shelton, Stoke-on-Trent.
 CALLOW, FELIX, "Ard-na-Chree," Dartry Road, Dublin, S.2.
 CANSICK, WILLIAM ROBERT, 71, Arlington Street, Islington, London, N.1.
 CATTAWAY, STANLEY GEORGE, 1, Stanley Terrace, Sun Street, Billericay, Essex.
 CHAPMAN, WILLIAM GEORGE, 58, Sandmere Road, London, S.W.4.
 COHN, JULIUS ERIC, 25, Park View, Beeston, Leeds.
 COOPER, SIDNEY ARTHUR, 31, Geneva Road, Brixton, London, S.W.9.
 COULSON, LESLIE ERNEST, 99, Grosvenor Road, Forest Gate, London, E.7.
 DAVEY, NORMAN ERNEST, 39, Denmark Road, Hornsey, London, N.8.
 DEASON, ALFRED ERNEST, 8, St. Stephen's Road, London, E.3.
 DITTON, JOHN ALFRED, 104, Woodfield Road, Leigh-on-Sea.
 ELDERS, FRANCIS ADDISON, 12, St. Margaret's Avenue, Harringay, London, N.15.
 FOXON, CHARLES MALCOLM, 72, Cycle Road, Lenton, Nottingham.
 FRITH, WILLIAM DENZIL, "The Mount," Aylesbury, Bucks.
 GABRIEL, GORDON ERNEST, 1, Hazeldene, Holmsley, Woodlesford, near Leeds.
 GAMBLE, ERNEST JOHN, "Invermere," Epsom Road, Ewell, Surrey.

GLEDHILL, FRANK WINGROVE, 117, Stanley Road, New Southgate, London, N.11.
 GOODY, STANLEY WILLIAM, 163, Highbury Hill, London, N.5.
 GREGG, ARTHUR EDWIN, 340, Upper Newtownwards Road, Belfast.
 GREGORY, GEOFFREY WILLIAM, 30, Valley Road, Harrogate.
 GREGORY, JOHN, 19, Brudenell Road, Upper Tooting, London, S.W.17.
 GUNDY, IVOR GEORGE, 3, All Saints Road, Dorchester.
 HABERGHAM, ARNOLD WILLIAM, Park House, Gildersome, near Leeds.
 HARBURN, ALFRED LEOPOLD MOORE, 72, Newgate Street, Bishop Auckland, Co. Durham.
 HARDY, GORDON CHARLES JOHN, Bartlett House, Rockmount Road, Plumstead, London, S.E.18.
 HARRIS, HYMAN, 248, Kenmure Street, Pollokshields, Glasgow.
 HARRIS, PHILIP ELGAR, "Kupri," St. Leonards Gardens, West Hove, Sussex.
 HARVEY, CHARLES CRANSTON, 169, Madrid Street, Belfast.
 HEATH, FREDERICK THOMAS, 11, Mandalay Road, Clapham Park, London, S.W.4.
 HOCKENHULL, GEORGE, 10, Prescott Road, Fairfield, Liverpool.
 HODSON, ALBERT JAMES, 131, Dundyan Road, Coatbridge.
 IFE, JOHN ERNEST, 49, Flaxman Road, Camberwell, London, S.E.5.
 ILIFFE, CECIL HENRY, 92, Rosemary Street, Mansfield, Notts.
 ILLINGWORTH, RICHARD ALBERT, 27, Cecil Road, Acton, London, W.3.
 JEAL, FRANK WILLIAM, 16, Ancona Road, Harlesden, London, N.W.10.
 JOHNSON, HERBERT HAROLD, 15, Hollins Street, Marple, Cheshire.
 JONES, HUBERT WINGFIELD, 65, Abercorn Road, Coventry.
 KEELING, MAURICE GEORGE RATCLIFFE, 19, Donovan Avenue, Muswell Hill, London, N.10.
 LADE, MAURICE, 15, The Flats, Golding Street, Tunbridge Wells.
 LAW, DAVID, 4D, Exeter Street, Coatbridge.
 LEE, GEORGE HENRY, 24, Trinity Avenue, Lenton, Nottingham.
 LEWIS, HENRY HERBERT, "Weysend," 13, St. Leonards Avenue, Kenton, Middlesex.
 LEWIS, JOHN, 6, Carill Avenue, Morton, Manchester.
 LOWE, JOHN, 146, Burlington Street, Ashton-under-Lyne.
 LUSH, WILLIAM VAWDRY, Clovercombe, Kingsgate Road, Winchester.
 MCNEIL, OWEN KENNETH, 47, Central Avenue, Bangor, Co. Down.
 MARSHALL, JOHN, 17, Havelock Terrace, New Washington, Co. Durham.
 MAW, DONALD, 20, Eldon Terrace, York.
 MAWBY, ARTHUR WILLIAM, 36, Kimberley Street, Colwick Road, Nottingham.
 MILLMAN, EDWARD HARRY, 74, Sydney Road, Muswell Hill, London, N.10.
 MILNER, ERIC BERNARD, 38, Hardley Crescent, Hornchurch, Essex.
 MOFFAT, HAROLD THOMPSON, 47, Valkyrie Road, Wallasey, Cheshire.

PRELIMINARY—(Continued.)

- MOOREHEAD, WILLIAM, 32, Lisburn Avenue, Belfast.
- MOULE, FRANK CALEB RICHARDSON, The Nurseries, Moore Gate, Beeston, Notts.
- NORTHCOTT, ARTHUR JAMES, 14, Princess Square, Plymouth.
- OGDEN, ALBERT LESLIE, 10, Stephens Road, Withington, Manchester.
- PACKWOOD, GEORGE ALFRED, 36, Edward Street, Higher Openshaw, Manchester.
- PARIS, HAROLD, 17, Raglan Street, Newland Avenue, Hull.
- PEARCE, FRANK EDWIN, 66, Trinity Road, Wimbledon, London, S.W.19.
- PERKINS, REGINALD BRUCE, 67, Church Street, Kirkstall, Leeds.
- PICKIN, JOSEPH REGINALD, 146, Lichfield Street, Hanley, Stoke-on-Trent.
- RAMSDEN, JACK WILLIAM, 103, Central Avenue, Welling, Kent.
- RHODES, JOSEPH GLYN PASHLEY, 32, Haslingden Drive, Toller Lane, Bradford.
- RILEY, GEORGE FREDERICK, 86, North Albert Street, Fleetwood, Lancs.
- ROBERTS, NOEL INIGO, Shirley Road, Hall Green, Birmingham.
- ROBINSON, ALFRED, 87, Tulketh Street, Southport.
- ROBINSON, ERNEST WILLIAM, "Lanercost," Grafton Drive, Upton, Wirral.
- ROWLANDS, WALTER, 2, Crescent View, Salford.
- SADLER, JAMES LEONARD, 20, Greenway Road, Timperley, Cheshire.
- SADLER, THOMAS JOSEPH, 2, Station Road, Codsall, near Wolverhampton.
- SAUNDERS, WILLIAM JOSEPH, 44, Stamford Brook Road, London, W.6.
- SAWDON, FRANK, 3, Appleton Road, Stockton-on-Tees.
- SCAMBLER, LESLIE VICTOR, 19, Greenside Road, Shepherd's Bush, London, W.12.
- SCOTT, ROBERT GORDON, 70, Scotch Street, Dungannon.
- SEELY, STANLEY WILLIAM, 15, Cedar Road, Thorpe Hamlet, Norwich.
- SEMPLE, ROBERT, 33, Castle Street, Ballymena, Co. Antrim.
- SHARP, MATTHEW WILLIAM, 3, St. Norbert Green, Brockley, London, S.E.4.
- SHEPHERD, LAWRENCE OWEN, 7, Green Lane North, Wavertree, Liverpool.
- SHERINGTON, HENRY, 116, Hampton Road, Southport, Lancs.
- SKINNER, LEONARD BENNETT, 7, Eastcheap, Letchworth, Herts.
- SMAILES, FREDERICK CARRUTHERS, 25, Ellicott Road, Horfield, Bristol.
- SMITH, CYRIL HAIGH, 24, Radcliffe Road, Milnsbridge, near Huddersfield.
- SMITH, DAVID WILFORD, 16, Beaumont Road, Chorlton-cum-Hardy, Manchester.
- SMITH, NORMAN, 5, Norfolk Street, Moss Side, Manchester.
- SMITH, WILFRED JAMES, 14, Geldart Road, Peckham, London, S.E.15.
- STUBBS, SAMUEL CHARLES EDWIN, 7, Melbourne Road, East Ham, London, E.6.
- TAYLOR, ALBERT GEORGE, 66, Bolingbroke Grove, Wandsworth Common, London, S.W.18.
- THAYER, SIDNEY THOMAS ELLIS, Riverdale, Monmouth Road, Pill, Bristol.
- THOMPSON, NOEL JOHN SINNAMON, 29, Arlington Street, Belfast.
- TODD, FREDERICK WILLIAM, 61, Highbury Quadrant, Highbury, London, N.5.
- TROTMAN, FRANCIS JOSEPH, 649, Aylestone Road, Leicester.
- TURNER, GUY LESLIE, 19, Ernest Gardens, Chiswick, London, W.4.
- UPDELL, LENNOX CECIL, 27, Kent Road, East Molesey, Surrey.
- WALKER, WALTER ERIC, 11, East Neville Street, Skipton.
- WALLIS, EDWARD GEORGE, 37, High Road, Woodford Wells, Essex.
- WALSHAW, RALPH, 4, Cliff Avenue, Baildon, Shipley, Yorks.
- WARD, ERNEST HAROLD, 59, Mildmay Road, Islington, London, N.1.
- WARD, HAROLD LESLIE, 7, Smeaton Street, Cardiff.
- WHITBY, WILFRED JAMES, 2, Melbourne Road, Carlisle.
- WHITE, FREDERICK GEORGE, 3, Endsleigh Gardens, Surbiton, Surrey.
- WHITMILL, JAMES NOEL, 2, Rusland Road, Harrow, Middlesex.
- WILLIAMS, HENRY GRENFELL, 65, George Street, Balsall Heath, Birmingham.
- WILSON, ROBERT HARDAKER, Stoneleigh Villas, Ackworth, near Pontefract.
- WOOD, STANLEY, 152, High Road, Leyton, London, E.15.
- WOODMAN, ROBERT, "Oak Bank," Ongar Road, Brentwood, Essex.
- WRIGHT, ERNEST WILLIAM, 115, Napier Road, South Tottenham, London, N.15.
- WRIGLEY, ARTHUR, 24, Church Road, Cheadle Hulme, Cheshire.

SUMMARY :—

1	Candidate awarded Honours.
123	Candidates passed.
72	Candidates failed.
196	Total.

INSTITUTE OF CHARTERED ACCOUNTANTS' JUBILEE.

We are requested to publish the following :—

DEAR SIR,—The resolution of your Council adopted by them on May 19th has been laid before the Council of this Institute, and we are requested to ask you to thank your President, Council and the members of your Society for the very cordial congratulations they have been so kind as to offer on the occasion of the Institute's Jubilee.

Yours faithfully,

W. PLENDER,
President, 1929-30.
HAROLD F. KEMP,
President, 1930-31.

June 17th, 1930.

A. A. GARRETT, Esq., Secretary,
Society of Incorporated Accountants and Auditors,
Incorporated Accountants' Hall,
Victoria Embankment, W.C.2.

FINANCE BILL AND ESTATE DUTY.

The following memorandum has been drawn up by the Treasury to provide an explanation, in language as simple as the nature of the subjects permits, of the provisions of certain clauses of the Finance Bill. The explanation has necessarily to be general in character; complete precision cannot be attained without the use of technical phraseology. The memorandum must, of course, be treated as merely a guide to the clauses with which it deals, and not as an alternative to their text.

CLAUSES 29-33.

1.—These clauses are designed to check loss of Estate Duty owing to—

(i) The transference of property to "private" companies;

(ii) The difficulty of arriving at a true value of shares in "private" companies.

2.—The "private" companies to which the clauses apply are defined in Clause 33. This definition includes not only "private companies" within the meaning of the Companies Act, 1929, but companies which, though technically not private companies, are so in essence because the effective control is restricted to a small body of shareholders.

3.—Clauses 29 and 30 impose the charge of Estate Duty in cases where the deceased has transferred property to a "private" company (so that it does not "pass" on his death), but has continued to enjoy the use of it, or to obtain payments from the company in place of the income which he formerly derived from the property. Clause 29 relates to property of which the deceased was absolute owner and Clause 30 to property of which he was life tenant.

Clause 31 provides machinery for the recovery of the duty and Clause 32 deals with the basis on which shares in a "private" company passing on a death should be valued, where a claim for duty arises on the death of the holder under Clause 29, or the holder has been in control of the company and able to govern the distribution of its profits.

CLAUSE 29.

1.—This clause defines the circumstances in which a liability to estate duty will arise when the property transferred by the deceased was property of which he had been the absolute owner. The liability arises only—

(a) If the property was transferred otherwise than by way of a *bona fide* sale for full consideration (sub-sect. 2 (a));

(b) If the property transferred consisted of property other than a trade or business (not being a business of holding, managing, developing, or dealing in land (sub-sect. 2 (b)));

(c) If the deceased had continued to receive benefits from the company, either in money or in the right of enjoyment of land, of an annual value (excluding any dividends or interest) exceeding 30 per cent. of the total annual income of the company.

When these conditions are fulfilled, a sum of money will be deemed to pass on his death which bears the same proportion to the total assets of the company as the value of his benefits bore to its total income.

2.—The following is a simple example of the class of case to which the clause applies; there are of course many possible variations within the class:

X owns a landed estate worth £100,000, including a mansion house, and £250,000 invested in Government and other securities.

He forms a private company to which he transfers the whole of his property, receiving in exchange 350,000 £1 shares in the company. 100,000 shares are allotted to him personally and the balance is allotted on his direction to members of his family. But the Articles of Association provide that he shall be Governing Director for life with a salary of £10,000 per annum, and the company agrees to let the mansion house to him rent free, the house being of an annual value of £500 per annum for Income Tax.

The total income of the company is £17,500 (including £500 for the house) and X receives (otherwise than by way of dividends on his shares) £10,000, together with the house worth £500 = £10,500.

The assets of the company at the death are valued at £350,000.

Under this clause $\frac{10,500}{17,500} \times £350,000 = £210,000$.

will be deemed to pass on the death of X and be liable to duty.

There will also be liability to Death Duties (under the existing provisions of the law) on the value of the 100,000 shares belonging to X which will "pass" on the death, but, in determining the value of those shares for the purpose of estate duty, allowance will be made for the sum of money on which duty is payable under this clause (see proviso to Clause 32 (1)).

SUB-SECT. (1).

3.—The clause will apply in the case of all deaths after the commencement of the Act, whether the transfer to the company was made before or after that date. The test of liability involves the ascertainment for each of three years preceding the death (or such shorter time as the company has been in existence), of—

(a) The "benefits" received by the deceased from the company;

(b) The total income of the company; and

(c) The proportion which (a) bears to (b).

Then the highest of the proportions so ascertained, provided that it exceeds 30 per cent., is to be taken as representing the proportion of the total assets of the company which shall be "deemed to pass" on the death of the transferor and be liable to estate duty. Unless in some one of the years in question the proportion taken by the deceased exceeded 30 per cent., the provisions of the clause do not apply.

The proviso to sub-sect. (1) is designed to secure that where both this clause and the following clause (Clause 30) apply, so that duty is chargeable upon the death in respect of both "free" and "settled" property transferred by the deceased to the company there shall not be a double charge to duty under the operation of the two clauses. This is effected by dealing separately with the property charged under Clause 30, and deducting it before computing the measure of liability under the present clause.

SUB-SECT. (2).

4.—This sub-section specifies first the type of property to which the clause is to apply, and secondly the nature of the "benefits" received by the deceased which are to be taken into account.

Type of Property.—As indicated above (paragraph 1), the form of property on which the clause is intended to operate is (speaking generally) property consisting of investments or landed estates. Effect is given to this

intention by paragraph (b) which excludes trades and commercial businesses from the scope of the clause. Genuine *bona fide* sales for full consideration of any sort of property are also excluded (paragraph (a)). Paragraph (c) excludes settled property, which is dealt with by Clause 30.

Benefits.—The "benefits" include all payments made by the company to the deceased except *bona fide* dividends on shares and *bona fide* interest on money lent by the transferor to the company. The reason for the exclusion of these is that the shares, or the amount of the loan, will be liable to duty on the transferor's death under the operation of the ordinary law.

In addition to monetary payments, the value of the right of occupation of any house or lands (computed by reference to the Income Tax assessment on them) is included in the "benefits." This is to cover the case where (say) a mansion house is part of the property transferred to the company and the transferor is allowed the use of the house rent free or at a rent less than the full annual value.

SUB-SECT. (3).

5.—This sub-section contains the definition of the "total income of a company." This has been so framed that the amount may be arrived at on a basis properly comparable with the "benefits" received by the deceased, for the purpose of the computation of the proportion as required by sub-sect. (1). (See paragraph 3 above.)

The computation will in general follow Income Tax principles, but it will be made by reference to the actual income of the year. No deduction will be made for any payment to the deceased except dividends on preference shares, and interest on money lent to the company (proviso (a)). It will also differ from the Income Tax computation in that (proviso (b)) deductions will be made for:—

- (a) Income Tax paid or borne by the company;
- (b) Interest on money lent to the company;
- (c) Dividends on preference shares; and
- (d) Rents, royalties, and other payments on which Income Tax is deducted at source.

SUB-SECTS. (4) AND (5).

6.—These sub-sections fix the period for which profits are to be computed for the purpose of determining "total income" and provide for apportionment of accounts where necessary.

In the normal case, where accounts of the company are made up to a fixed date annually, the accounts for the last three years preceding the date of death will be taken. When accounts have been made up for irregular periods or when no accounts have been made up, it is proposed that the Commissioners of Inland Revenue should determine a date within the year preceding the date of death and that the profits should then be ascertained for the year ended on that date, and for the years ended on the corresponding date in the two preceding years. Where the company has not been in existence for three complete years, two years or one year (as the case may be) will be substituted for three years.

The profits for these years will be ascertained, where the accounts are made up for irregular periods, by an apportionment on a time basis so as to arrive at the figures for complete periods of twelve months.

Where a full year has not elapsed between the date on which the property was transferred to the company and the date of death, the period between those dates will be treated as if it were one entire accounting year.

CLAUSE 30.

1.—This clause deals with the case where "settled" property (e.g. property in which the holder has a life interest only) is transferred to a "private" company under such conditions that the property does not "pass" on the death of the life-tenant (and so become liable to estate duty), but at the same time the life-tenant has not in fact divested himself wholly of an interest in it or an equivalent thereof. In these circumstances the "settled" property is to be deemed to "pass" on the death of the life-tenant, notwithstanding its transfer to the company.

2.—It must be explained that the transference of a life-tenant's interest by itself to a company does not lead to any loss of duty, nor does the transference of the reversioner's interest by itself, because the property will still "pass" on the life-tenant's death. It is only when the whole property (inclusive of both interests) is transferred to a company, that a loss of duty arises, because in that case, when the life-tenant dies, there is no "passing" of the property.

3.—The clause is consequently aimed at cases where the property is itself transferred, and not merely a limited interest in it. But its operation is confined by paragraphs (a) and (b) to cases in which the life-tenant has, in some way or another, retained some interest in the property. These paragraphs exclude cases in which (a) there has been a genuine sale of the property without any reservation in favour of the life-tenant, or (b) there has been a genuine release by the life-tenant of his life interest more than three years before his death.

4.—The proviso to sub-sect. (1) meets the case where the company has sold or exchanged the whole or a part of the property transferred to it. The property deemed to pass on the death will in that case be the value of what at the date of death represents the proceeds of the sale or exchange.

5.—Sub-sect. (2) provides for certain deductions in computing the principal (or capital) value of the property at the date of death. The property transferred will in these cases of "settled" property frequently include landed estate, and money may have been expended by the company in the improvement or development of the estate. If this expenditure has been met out of the income of the estate, the increased value of the property due to it will probably be chargeable to estate duty on the death, but if money has been borrowed for the purpose and has not been repaid, the amount so borrowed will be deducted in computing the value of the property at the date of death (paragraph (a)).

6.—The provision in paragraph (b) is designed to prevent a double charge to estate duty. Under the provisions of this clause, the whole value of the "settled" property transferred to the company will "pass" on the death of the person who, as life-tenant, transferred his interest in the property to the company. But he may hold shares or debentures in the company (e.g. as part of the consideration paid by the company for the interest transferred by him) and their value will also be chargeable under the existing law to estate duty on his death. Provision is therefore made to obviate a double charge.

The effect of this provision may be illustrated by an example.

A, the life-tenant, and B, the remainderman, transfer their respective interests in "settled" property X to a company. A takes shares or debentures as part of the consideration for his transfer. The company acquires other property Y and for this purpose issues shares or debentures part of which are taken by A for cash. On

A's death property X is deemed to "pass" and the shares and debentures which he holds also "pass." It must therefore be ascertained to what extent the value of the shares and debentures is attributable to property X as distinct from property Y which does not "pass" on the death. Under paragraph (b) this value will be the same proportion of the total value of the shares or debentures as the value of the property X is of the whole property of the company. Thus, if the value of property X is one-half of the whole property, one half of the value of the shares or debentures will be deducted from the value of the property which is deemed to "pass" on the death under this clause.

CLAUSE 31.

1.—This clause provides machinery for the recovery of any duty which may be charged under the provisions of Clauses 29 and 30. It is provided that the duty payable shall be a debt due from the company and from every director thereof. The personal representatives of the deceased are given a right of recovery of the duty from the company, if they have themselves paid it.

2.—Sub-sect. (1) makes the duty a debt due from the company, but provides that it shall not be a charge on the assets of the company.

3.—Sub-sect. (2) makes the company and every director thereof responsible for payment of the duty and gives them power (similar to those which are given by the Finance Acts to executors and other accountable persons) to raise money with which to make payment. It further provides that if the duty has been paid by the executors, it shall be refunded to them by the company.

4.—Sub-sect. (3) requires the company to notify the Commissioners of Inland Revenue of the death of any person where a claim to duty arises on that death under the provisions of Clauses 29 and 30 and imposes a penalty on the company for wilful failure to make such notification.

5.—Sub-sect. (4) requires a company to furnish such copies of accounts and other information as the Commissioners of Inland Revenue may require for the computation of liability to duty under Clauses 29 and 30 and imposes penalties for failure to comply. It also provides machinery for securing the information required if necessary.

CLAUSE 32.

1.—This clause provides a definite basis for the valuation of shares in "private" companies in certain circumstances. It lays down that, in the cases which come within its scope, the shares shall be valued by reference to the value of the total assets of the company (i.e., on an "assets" basis instead of "market value"); the term "value of the total assets" is defined in Clause 33.

2.—Sub-sect. (1) provides that the "assets" basis shall apply to any shares (other than preference shares entitled only to a fixed dividend) passing on a death where—

(a) A sum of money proportional to the value of the assets of the company is deemed to pass under the provisions of Clause 29 of the Bill; or

(b) The control of the company was immediately before the death in the hands of the deceased.

3.—Sub-sect. (2) defines "control" of a company for the purposes of the clause to mean—

(a) Control by virtue of the holding of more than half of the voting power of the company; or

(b) Control by virtue of powers given to a governing director or other person by the Memorandum or Articles of Association;

(c) The right to receive or the power to dispose of more than half of the income of the company.

CLAUSE 33.

1.—This clause contains definitions applicable to the provisions of Clauses 29 to 32.

2.—The definition of "Private Company" includes any body corporate, whether incorporated in this country or abroad, which

(a) Is not controlled by its shareholders (e.g., where the effective control is in the hands of a governing director by reason of the powers conferred on him by the Memorandum or Articles of Association, irrespective of his shareholding), or

(b) Has not issued to the public more than 50 per cent. of the shares carrying full voting power.

3.—The effect of the definition will be to include all "private companies" within the meaning of the Companies Acts, and also such "public companies" as are by their methods of control in the hands of a small number of shareholders.

4.—"Preference share" is defined to include such preference shares as are entitled to a fixed dividend only, and have no further right of participation in the profits of the company. Such shares are treated for the purposes of these clauses in the same manner as debts or debentures of the company.

5.—"Value of the Total Assets of the Company."—This means the *net* assets of the company. It is to be ascertained on the basis of the market value of the assets at the date of death on the principles which are applied in the normal case of an estate passing on death.

Deduction from the gross market value of the assets is to be made for—

(a) Debentures and preference shares;

(b) *Bona fide* debts owing; and

(c) Workmen's pension funds.

CLAUSE 35.

1.—This clause amends the existing statutory provisions for charging Estate Duty upon the sale of works of art, &c., which have been exempted from duty when passing upon a death (on the ground that they are of national, historic, scientific, or artistic interest), but are liable to duty when sold. The clause proceeds by way of repeal (Third Schedule, Part IV) and re-enactment. The amendment will take effect in the case of persons dying after the date when the Bill becomes law.

2.—Under the existing law* pictures, prints, books, manuscripts, works of art, scientific collections, &c., which, when passing on a death, are declared by the Treasury to be of national, scientific, historic, or artistic interest, are treated as follows:—

(i) They are valued for purposes of Estate Duty as at the date of death; they are treated collectively as a separate estate by themselves and are not aggregated with the rest of the property passing on the death;

(ii) They are not chargeable to the Death Duties unless they are sold; on that event the thing sold is charged to Estate Duty on its value as at the date of death, and at the rate applicable to the separate estate of which it formed part;

* NOTE.—Viz: Sect. 20, Finance Act, 1896, as amended by sect. 63, Finance (1909-10) Act, 1910, and sect. 44, Finance Act, 1921.

(iii) No charge to duty arises on sale, however, if the sale is to certain institutions of a national character, viz, "the National Gallery, British Museum or other similar institution, any university, any county council, any municipal corporation within the United Kingdom or the National Art Collections Fund."

3.—Sub-sects. (1) and (2), together with the definition in sub-sect. (3), provide for an alteration of the first two of these provisions, in so far as they relate to the measure of liability to Estate Duty, in the following way:—

(i) The amount on which Estate Duty is to be charged on the occasion of a sale will not be, as at present, the value of the thing sold as at the date of the deceased owner's death; it will be the amount realised by its sale;

(ii) The rate at which Estate Duty will be charged will be that applicable to the rest of the property that passed on the deceased's death, excluding the works of art, &c., in question. It will therefore no longer be necessary to value them as at the date of death.

4.—The proviso to sub-sect. (2) re-enacts the existing exemption (contained in sect. 44 of the Finance Act, 1921) under which duty is not charged on a sale of the works of art, &c., if the sale is to one of the national collections (see paragraph 2 (iii) of this Note).

5.—Sub-sect. (4) makes it clear that an existing exemption contained in sect. 15 (2) of the Finance Act, 1894, under which the Treasury is empowered to remit death duties on works of art, &c., of national, scientific or historic interest when *given or bequeathed* to National Collections, is not affected by the new proposals.

Incorporated Accountants in Paris.

An interesting cricket match was played on May 31st on the Stade Français ground at Saint-Cloud, between teams representing the Paris and London staffs of Messrs. Hughes & Allen, Incorporated Accountants. The visitors made 164 runs (Johnson 38, Kemp 29; Holden five for 55) and dismissed the Paris side for 48 (Bell 23; Kemp seven for 10, Long three for 16).

In the evening the home team entertained the visitors at dinner. Mr. James W. Allen, F.S.A.A., presided, and in congratulating the organisers of the meeting upon the success of their efforts, expressed the pleasure that the firm derived from an event that evidenced the happy relations existing between all the members of their staff.

Incorporated Accountants' Golfing Society.

The members of the Incorporated Accountants' Golfing Society spent an enjoyable summer meeting on June 14th and 15th at Thorpeness, Suffolk. There was a good attendance, and delightful weather prevailed over the two days. Mr. A. T. Keens won the Society's Challenge Cup, together with a prize presented by Mr. T. F. Grundy with a score of 82 — 6 = 76. The runner-up was Mr. D. C. Brook with a score of 104 — 24 = 80. A prize was offered by Mr. H. I. Godfrey for handicap stroke play and was won by Mr. T. F. Grundy with a score of 90 — 18 = 72. The second prize was won by Mr. A. W. MacGowan, with a score of 91 — 13 = 78.

A handsome trophy presented by Mr. W. Nicholson for the best net score on the two days' play was up for competition. Mr. T. F. Grundy was the winner with a total score of 72 plus 86 = 158. Mr. S. E. Foster had the next best score, namely 79 plus 81 = 160.

Finance and Other Committees: Ways of Conflict or Ways of Consent.

A PAPER read at the annual meeting of the Institute of Municipal Treasurers and Accountants by

ALDERMAN W. BYNG KENRICK,
Deputy Mayor of Birmingham.

Alderman KENRICK said: The Council of the Institute of Municipal Treasurers and Accountants paid me a great compliment when they invited me to address your Annual Conference. No doubt they knew that I had had some years' experience of the working of local government machinery in a county borough, but they also knew that for almost the whole of that time I had been a member of what you sometimes stigmatise with the general designation of "Spending Committees"; and that for only one short year, as an *ex-officio* member, had I been allowed to assist at the higher mysteries of a Finance Committee.

Either they had a flattering faith in the quality of my general intelligence, or they desired to mark their approval of the establishment of more friendly relations between Finance and other Committees, which has, I believe, already begun and should certainly be encouraged to develop. I do not mind which conclusion you draw from the facts. In either case I am grateful to them, and give them thanks.

The present position with regard to national and local expenditure and their relation to the total income of the nation is causing anxiety in many quarters. No one disputes that, after all due allowances have been made for variations in the purchasing power of money, the rise in public expenditure during the last sixteen years has been enormous. Differences of opinion only begin to show themselves when we go on to consider first whether the services purchased are all desirable, and, secondly, allowing that they are desirable, whether we can afford them. Under our system of government the answer to these questions must be given by elected representative bodies. In the boroughs these will be City or Town Councils; and of their members some will be primarily concerned in seeing that the services are good and efficient, others in measuring the expenditure and relating it to the available share of the income of the inhabitants. In times of stringency, if these two groups work apart, without intercommunication and mutual confidence, we shall get both bad services and bad finance. At all times a proper appreciation of their functions, powers and duties by the several groups is the beginning of wisdom.

There are two extreme views of the functions of a Finance Committee, which I must mention before I dismiss them both as popular errors. One view is that it rests with the Committees charged with the conduct of the various services to state their requirements on capital or revenue account and thereupon it falls to the Finance Committee to raise the money by loan or rate, and later to see that the expenditure is properly accounted for. Such a limitation of functions leaves the Finance Committee without any share in framing the policies of the other Committees, and leaves them without any sense of responsibility for the cost. We all know that when the affairs of a family are run upon these lines conflict is inevitable, and the appropriate ending a judicial separation. In the domestic lives of local government authorities the results are similar. A classic example was found in the relations that used to exist between School Boards and City Councils. The Boards issued a precept and

the Councils made a rate and collected the money. It is true that the Boards were elected by the ratepayers, but the dominant issues at elections were more often theological than financial. Thus one party called the tune and the other was left to pay the piper. It may be urged in justification of this arrangement that it encouraged a rapid improvement in the system of general education at a time when an extension of the franchise had taken place well in advance of any provision for educating the new electors. But one unfortunate result was that in many areas there was left a legacy of impatience on one side and sullen resentment on the other, which for a long time after the maintenance of public education had been added to the other duties of Borough Councils prejudiced the relations of Finance and Education Committees.

The other extreme view is that a Finance Committee has of right, or in any event should act as if it possessed, special powers of directing the policy of the Council, and deciding how much money is to be spent upon each of the various services. The most unrestrained exponents of this view are to be found outside and not within the Councils. It finds expression in confident assertions that the Finance Committee will bring the other committees to book and will not allow such reckless and ruinous extravagance to continue. As far as I know this theory is neither expressed nor implied in the Rules, Standing Orders or Instructions of any Council. Attempts to put it into practice over a series of years will probably result first in dividing the Committees against each other, and finally in compelling them to combine against the Finance Committee as the common enemy. This is only another way of conflict.

Wrong ideas as to functions and crude administrative machinery may be tolerable so long as the field of administration is small and the financial burden inconsiderable. The machine may be faulty in design, but it does the work required of it; the persons concerned are used to its ways, and dislike new-fangled notions. But the rapid growth of public services and the concentration of powers in the hands of County or Borough Councils makes us ask ourselves can we afford to proceed by the old method of cat-and-dog fights between committees, and will it not be better to alter the rules of the game?

Minutes and accounts of the Corporation of Stratford-upon-Avon, which have recently been published, indicate the simple duties of the authorities about the time of Queen Elizabeth, and their frugal budget. They did their best to keep the streets clean and limit the refuse heaps to the four or five public "muck-hills." They took measures to test the quality of bread and ale, and to fix the price to be charged for these commodities. They maintained and repaired a bridge and some public buildings. They appointed the Master of the Free Grammar School. They managed the almshouses for twenty-four poor people. In all except the fixing of the price of food and drink we see the small seeds from which have grown our present system of local government. But consider the difference in scale. A modern town, in addition to supplying water, light, power and transport, which are optional services, must needs construct and maintain a network of roads and sewers, and costly plant for the collection and disposal of refuse; it must provide hospitals and health visitors; baths, parks, museums and libraries; police and fire brigade; schools, asylums, cemeteries; some public service for every citizen from the cradle to the grave. The orderly progress of such vast undertakings cannot be left to the chances of an annual battle of the estimates, when the Montagues and Capulets of our civic states meet in desperate encounter.

As a matter of history it would appear that there has been a large measure of conscious effort to adjust municipal constitutions to present needs. Such efforts must necessarily vary according to local customs and tradition; and if I now refer to the case of Birmingham I do so in order that I may take an example familiar to me. I am not now concerned to argue about the merits of different plans. In Birmingham, then, the present practice is based upon two "Instructions" to the Finance Committee, viz:—

"To present annually to the Council financial statements of the Borough Fund and Rate Account made up for the financial year commencing on April 1st and ending on March 31st; to prepare and submit to the Council the Estimates of Income and Expenditure for the financial year; and to recommend from time to time the rates to be made by the Council."

"To consider not later than February in each year the draft rate estimates with the authorised representatives of the Baths, Education, Estates, Salvage and Stables, Parks, Public Health, Public Libraries, Public Works and Town Planning, and Watch Committees, acting as a consultative committee on rate estimates; and to bring such estimates or any revision of them before the Council at the first meeting in March."

With these must be taken the following "General Instruction" to Committees:—

"To submit to the Finance Committee copies of all reports relating to capital expenditure and other expenditure, not within the approved estimates, at least eighteen clear days prior to the Council meeting at which it is proposed such reports are to be presented, together with full information, so far as possible, in the form to be prescribed by the Finance Committee, in order that the Finance Committee may consider whether, having regard to the financial aspect of the scheme and financial obligations of the Corporation, the proposed expenditure should be approved. The Finance Committee shall report their decision to the Committee concerned. If any Committee is not satisfied with the decision of the Finance Committee upon any proposal submitted as above, such Committee may report its recommendations in the same form as submitted to the Finance Committee to the Council in the usual way, but in any event the report of the Finance Committee shall be presented with the report of the Committee."

It will be observed that these Instructions provide for an annual consultation between representatives of the Finance Committee and other committees, who are dependent upon the rate fund, on the subject of their annual expenditure taken collectively and each in relation to the whole. They further provide that projects for new capital or revenue expenditure shall not be brought before the Council without a clear report as to the financial aspects of the scheme, and if the Finance Committee so desire an expression of their opinion as to the effect of this expenditure being added to existing commitments.

To take first the second provision, my only comment is that a Finance Committee may be influenced by its experience as a taxing body to colour its judgments on the merits of different proposals, if at any time it feels called upon to discuss their merits. The danger is that it may view them too narrowly, dubbing them bad or good according to whether they make some call upon the rate fund or not, i.e., whether they are self-supporting or a charge, and without consideration of the degree in which they may contribute to the well-being of the community. I know that it is easier to deal with matters

of fact than with matters of opinion, but I think that both aspects of a proposal should be considered if any judgment is to be pronounced.

Consideration of what is implied in the first provision is a much more important matter, in my opinion. If these consultations are to be fruitful of growths more lovely than a crop of jealousies among departments and scandalous log-rolling they require in the parties to discussion a measure of wisdom, which can be cultivated by conscious effort, but does not usually appear as a natural growth. It is necessary in the first place to come to some agreement as to the total amount to be spent having regard to taxable capacity and sources of revenue in subsequent years, as well as the year under review. In this stage the Finance Committee should lead the discussion. But the other Committees may claim to be furnished with arguments supported by appeals to reason, not with pronouncements *ex cathedra* to be accepted as articles of faith.

It may be presumed that the sum total of the separate demands of the various Committees will always exceed the amount that collectively they are prepared to recommend as the expenditure for the year. Thereupon there will follow the difficult task of deciding how much is to be surrendered by each of them. At this stage the Finance Committee should take the part of listeners while the others plead their causes. In the end the Finance Committee will have to deliver the verdict. In doing so they are not in the happy position of a jury called to give their answers but not their reasons. Rather they resemble a judge of first instance, whose decisions are subject to appeal, and whose judgment must be stated as an argument in which the law is applied to the facts.

If the Finance Committee are required to perform this difficult task, they are entitled to receive all the assistance that can be obtained from a carefully planned system of accounts. Estimates must be capable of comparison year by year. They must be prepared in great detail, and accurate estimating under each heading must be demanded and secured. Without such a system established and maintained over a series of years discussions with the various Committees will be fruitless. They will not start from any agreed point; there will be no recognised practice to guide their progress; they will reach no satisfactory conclusion. In the end they must be closed by an arbitrary decision incapable of reasoned defence before the Council acting as the final Court of Appeal.

In building up a set of rules each authority will be influenced by its own experience and precedents. The following suggestions are offered not as a complete code, but as the result of an individual experience. It is essential for the working of the system that once the estimates have been agreed and allowed, no Committee shall enter into commitments which will cause its total allowance to be exceeded, without first seeking and obtaining the sanction of the Council. It is not so clear whether we should or should not allow of savings under one heading being used to set off excess expenditure under another. On general grounds such proceedings are bad in principle. But we all know that in practice real extravagance is encouraged if we deprive people of the use of savings resulting from their careful management. It is probable that working rules will be adopted under which some transfers will be made by Committees at their own discretion, and another class with the consent of the Finance Committee, or in the event of a difference of opinion by reference to the Council.

In the annual argument about the total expenditure and its allocation it must be considered reasonable to claim that existing commitments and any extensions

sanctioned by the Council must have provision made for them. It is part of the plan that the Council should be warned at its introduction of the financial bearings of each new proposal, and the Council must be presumed to have acted with knowledge and deliberation.

Skilful book-keeping is the background necessary for the composition of the picture. By these words I mean not merely the correct entry of figures in the correct way, but a lay-out of books and office organisation, which will produce illuminating figures at short notice and up to date. I am, therefore, in favour of each Committee keeping its own accounts, wherever the work is sufficient to justify the appointment of a really skilled man as chief accountant. A finance officer thus attached to a Committee will take pride in seeing that his estimates are well drawn and that expenditure is made to tally with the estimates. A committee will be more receptive to warnings from their own officer than to "resolutions," however admirably drawn or strongly worded, which come to them from another Committee. The principal books of account can be done in duplicate, so that the necessary copies can be at the disposal of the Municipal Treasurer.

I cannot close my consideration of the problem of maintaining peaceful relations between Finance and other Committees without a few words upon the subject of forecasts of expenditure over a series of years. At one time it was held that it was a good rule never to work more than one year ahead in national or local finance. To work further was dangerous; such curiosity was hardly decent. But there is no doubt that forecasts must exist. No Committee can intelligently conduct its business without considering whither it is going and what will be the cost of the journey. Forecasts exist and are as necessary to a Committee for balanced and regular progression as a pair of legs to a human being. The only question is how much is to be shown in public. That is a matter of fashion and convenience. Of late the Board of Education, with encouragement from the Treasury, has endeavoured to make programmes and forecasts of expenditure over periods of three years; and it has invited the Local Education Authorities to do the same. There is much to commend this plan where for natural reasons a new development will mature slowly over a term of years (e.g., the normal school life of a child), and will only reach its final limit of cost towards the end of the period. How far it is capable of extension to other services, and with what advantage, I must leave to the consideration of those who are responsible for orderly finance.

Local Government Finance is a very fascinating subject. If I have failed to do justice to that small part which I have chosen for examination no one will regret it more than I, and for the very reason that I am deeply impressed with the importance of the matter and the critical nature of the time immediately ahead. In my opinion the development of the public services for securing better housing, better health and better education is of the utmost importance for producing contented and capable citizens. But this development should be by regular progression and therefore should be adjusted to the taxable resources as well as to the desires of the people. There are two interests to be considered, or rather two aspects of the lives of the citizens. A sharp division of functions among the members of the local authority means divided responsibility and divided counsels. There is no suggestion that we should mind each other's business, but rather that we should get some grasp of the business as a whole before we attempt to mind any part. Conferences and consultations are sometimes tedious, but the time will be well spent if the end is peace.

Registration of Accountants.

Institute's Evidence Before Departmental Committee.

(Reproduced by permission of H.M. Stationery Office.
Crown Copyright reserved.)

The Committee was appointed by the Board of Trade to consider and report whether it is desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law and, if so, to report on the method by which such register should be established and controlled.

On Thursday, March 27th, the Evidence of the Institute of Chartered Accountants in England and Wales was heard.

There were present:—The Right Honourable Viscount Goschen, G.C.S.I., G.C.I.E., C.B.E. (Chairman), Mr. Harold Bellman, M.B.E., Mr. F. H. E. Branson, Mr. J. Walker Clark, C.B.E., J.P., Mr. Kenneth Lee, Mr. G. J. Scott, J.P., Mr. John Scurr, M.P., Mr. J. J. Wills, Mr. F. A. Griffiths, M.C. (Secretary).

On behalf of the Institute there were called: Sir William Plender, Bart., G.B.E., LL.D., F.C.A. (President), Mr. William Cash, F.C.A. (Past President), The Hon. George Colville (Secretary).

The Committee had before them the following Memorandum by Sir William Plender:—

MEMORANDUM No. 1.

I am this year President for the third time of the Institute of Chartered Accountants in England and Wales and am the Senior Partner in the firm of Deloitte, Plender, Griffiths & Co., of 5, London Wall Buildings, London, and elsewhere.

1. I was after examination admitted an Associate of the Institute in March, 1884, and became a Fellow in 1902, and served my terms as President of the Institute in 1910-11 and 1911-12.

2. In the year 1906 the Liverpool Society of Chartered Accountants, composed of Members of the Institute who practised in Liverpool, passed a Resolution in favour of some measure of Registration. This caused lengthy discussion on Registration between the Institute and the Society of Incorporated Accountants and Auditors which took the form of a Bill which was in May, 1909, put before the General Meeting of the Members of the Institute. At this meeting 306 Members were present out of a total then membership of 3,973. A resolution in favour of the Bill was carried with three dissentients and it was introduced into the House of Lords in June, 1909, but opposed by the Scotch Chartered Societies and failed to pass. Negotiations followed with the Scotch and Irish Societies with a view to extending Registration to Scotland and Ireland, and in 1911 a Bill was promoted jointly by the Institute, the Scotch and Irish Societies of Chartered Accountants, and the Society of Incorporated Accountants and Auditors. This Bill was read a second time in the House of Lords and received the support of the Government, but was blocked in the House of Commons and dropped. The Bill was blocked in the House of Commons by a private member acting, it was then understood, on the suggestion of certain Railway Accountants, who were the permanent full-time officials of the Railway Companies and in no sense practising Public Accountants, and indeed it soon became evident that the claims to recognition which would be put forward and the amendments which would be necessary to ensure the passing of the Bill were such that Registration on a basis which would adequately safeguard the public and be acceptable to the Profession would not be forthcoming.

3. During the war the subject remained dormant, but in the early part of 1923 it was revived at the instance of the Incorporated Society. An informal conference of

the representatives of the English, Scotch and Irish Societies and the Incorporated Society was on the suggestion of Sir James Martin, then the President of the Society, held at the Institute on April 17th, 1923, but had no definite result and was adjourned.

4. At that time (1923) it appeared clear to me that any suggestions for Registration did not spring from any public demand for it, of which there was no evidence.

5. The views of the Council of the Institute that Registration unless confined to properly trained and qualified practising Accountants would be against the true interests of the public and detrimental to the profession were conveyed to the representatives of the Societies concerned at the adjourned conference which was held at Edinburgh on June 2nd, 1923, when after discussion the following Resolution was unanimously adopted:—

"That whilst Registration of the practising members of the profession in England and Wales, Scotland and Ireland, would possess advantages in enabling supervision to be exercised both in education and conduct, and possibly in affording protection to the public, this meeting also recognises the practical difficulties in legislative attempts and the disadvantages of a too embracing register and does not, therefore, for the time being, consider desirable the introduction of legislation by way of a private Members' Bill or through the Board of Trade as a Government measure, and that this conference stand adjourned."

The three Scotch Societies took the definite view that Registration was not needed so far as Scotland was concerned, but were good enough to say that they would not in principle be opposed to a Bill if the English Institute were in favour of it.

6. Shortly after this, in July, 1923, the Central Association of Accountants, Limited, asked to be represented on any Committee which might exist for the consideration of Registration, and again in 1924 repeated this request through their Solicitors. As, however, the conference above-mentioned has been adjourned *sine die* nothing further was done.

7. In October, 1924, the subject was revived by the Corporation of Accountants, Limited, whose head office is in Glasgow. This Corporation went so far as to draft a Bill creating definitely for the first time the title "Registered Accountant." This Bill received careful consideration at the hands of the Council of the Institute, who on the ground that it would include a great number of persons who were not properly trained and qualified practising Public Accountants refused to support it; the Bill made no progress and was never actually introduced into Parliament.

8. The conditions to-day are widely different from those prevailing in 1909-1911. The Institute membership has largely increased in the interval; the growth of Accountants identified with other bodies has increased in a greater ratio; the status of the Chartered Accountant has improved and is more generally recognised as being the hall-mark of efficiency and high-standing, and Registration is a device to seek to reach a measure of equality between all Accountants.

9. There is no evidence of a public demand for Registration, if by this is meant the resolutions of representative bodies of business people, such as Chambers of Commerce or trade organisations. Such letters as have appeared in "The Accountant" advocating it are very few and generally from unimportant or anonymous individuals.

10. I have been at particular pains during the last few months to try and ascertain the general feeling of the Members of the Institute on the subject of Registration. Our Secretary has recently been asked to get into touch with leading Accountants in all parts of England with a view amongst other things of ascertaining the local opinion on the subject; I have also personally discussed the matter during my visits to the Provinces and with

leading Accountants in London, and, while it is impossible to take a plebiscite of the Members on the subject because no scheme has been put forward by those in favour of Registration, I am definitely of the opinion that the general feeling of the Members of the Institute is not in favour of the principle of Registration; there has also been a full discussion in the Council on the subject at so recent a date as February 5th, 1930, when the following Resolution was passed unanimously:—

"That this Council, after careful consideration of the subject, are of opinion that there has been no public demand for Registration of Accountants, and that such Registration would not be in the public interest. If, however, Registration of practising Accountants is enforced by the Legislature, this Council are of opinion that the Members of the Institute, a body incorporated by Royal Charter, should be excluded from the provisions of any such legislation, and that the separate entity of the Institute, with the rights, powers, examinations and other privileges which are assigned to it by the Royal Charter, should be preserved."

11. If Registration takes place, it would undoubtedly raise the status of a large number of Accountants who are not Chartered Accountants. Registration would, in the eyes of the public who are not fully informed, convey an idea of equality in professional skill, which would be far from the truth, and the many thousands who would come on to the Register would unquestionably benefit by the process, to the disadvantage of the public as well as to the Members of the Chartered Institutes, practically all of whom have had a long and arduous training and passed searching examinations.

12. The Council of the Institute place the greatest reliance on service under articles; and service under articles and passing the examinations has been with but very few exceptions the *sine qua non* for admission to the Institute. With two exceptions no person has been admitted without examination since 1908. These two exceptions were (i) in 1919, a man who had had 44 years' continuous service as an Accountant's clerk and (ii) in 1920, a woman who had been in continuous practice for 41 years and who came under The Sex Disqualification (Removal) Act. Out of a present membership of just over 9,000, only 227 have not passed the final examination and some of these passed examinations prior to 1880 of the constituent societies.

13. In my opinion it is of the most vital importance to the public and to the business community that the highest possible standard of efficiency and integrity based on examinations, on practical training, and on a strict standard of professional discipline should be maintained. The Chartered bodies have built up their reputations by maintaining such a standard, and if by "Registration" is meant the admission to the same status in the eyes of the public of a large and ever-increasing number of persons who have admittedly not had the same advantages of practical and theoretical training and have never been subject to the same standard of discipline, the result will in my personal opinion be fraught with grave risk to the community. Again, under present-day conditions, Accountants are universally concerned with questions of taxation and with the preparation and certification of returns for the Inland Revenue and other Government Departments. I am informed by the Authorities concerned that they place great reliance on Chartered Accountants with whom they have to deal, so that from this standpoint also it is essential that a high standard should be maintained. During and since the War the Chartered Accountant has been more and more recognised by successive Governments as a person to give valuable help in serving on Royal Commissions, Departmental Committees, and in many other ways, of which I may give as illustrations the following instances: Controller of Enemy Banks, Member of Railways Amalgamation Tribunal, Financial Advisers in Ministry of Munitions, Controllers of Munitions Contracts, Advisers to the Admiralty on Contracts, Advisers on Accounts of Public Departments for the

Treasury, Board of Trade, Post Office, &c., Members of the Board of Referees under the Finance Act, 1915, and members of innumerable Departmental Committees dealing with Enemy Debts, Income Tax, Company legislation, Assurance Companies' Accounts, &c. It is seldom, in fact, that a Departmental Committee is formed that touches accounts or finance on which a Chartered Accountant does not serve.

14. In the majority of professions, practical experience before admission to practice is required. A Solicitor has to serve under Articles in a Solicitor's office for five years. A Barrister usually reads in a Barrister's chambers, and no Barrister could think of practising if he had not rigorously attended in Court and made himself acquainted with its practice. A medical student has to work in a hospital, and in a large number of trades, apprenticeship, that is, practical experience, is essential. In England and Wales the Institute of Chartered Accountants is so far as I have been able to ascertain the only body of Accountants which makes service in the office of a Public Accountant an essential condition of membership.

15. Apart from Law and Medicine, the only professional bodies which have registration are Dentists and Veterinary Surgeons. In neither case is the term Registered Dentist or Registered Veterinary Surgeon made statutory or used.

16. I should like, if I may, to refer to some of the difficulties which I understand have been experienced by the Royal Institute of British Architects in an endeavour to promote a Registration Bill for the Architects' Profession.

In the year 1926, when the Royal Institute of British Architects amalgamated with the Society of Architects, a Bill was drafted and introduced by the R.I.B.A. to enable a Register of Architects to be set up and maintained with specific qualifications which should enable persons to be eligible for registration. It was also provided that only persons who were registered under the Act should be entitled to practise in Great Britain under any style containing the words "Architect," "Architectural," or "Architecture," and penalties for breach of these provisions were provided. The body responsible for the Register was to be the Council of the R.I.B.A., who were to have certain powers to make regulations and also to prescribe fees in respect of the entering of any name or other particular on the Register and generally for the upkeep and working of the Register. The Bill was short and fairly simple in its provisions and might have operated quite satisfactorily. It was presented and ordered to be printed by the House of Commons in February, 1927, but opposition immediately began to come in from many quarters. This opposition was mainly from various bodies, many of them of small standing, who represented that their members performed architectural functions and therefore should be entitled, *ipso facto*, to be entered on the Register in the same way as Naval Architects and Members of the Surveyors Institution or the Institution of Civil Engineers. The Bill was read a second time in the House of Commons and referred to a Select Committee. That Committee met on fourteen days and heard a mass of evidence on behalf of bodies who claimed to be interested. The Committee made a special report to the House and stated that, in view of certain amendments which had been made in Committee and to the evidence submitted, they hoped an early opportunity would be given to the House in the following Session to consider an amended Bill.

In 1928 a Bill in the form amended by the Committee was presented to the House of Commons, but opposition again developed both in and outside the House, and the House was counted out during the discussion on the second reading.

In Session 1929, the Bill was again presented in the House of Lords with certain additions to the First Schedule—that is to say, the so-called "Board of Architectural Education" was again augmented. A Special Discipline Committee was set up under the Bill on which, *inter alia*,

there were to be representatives appointed by the Ministry of Health and the Law Society. I understand this Bill passed the House of Lords, but owing to the Dissolution proceeded no further.

I am told a Bill has been introduced in the present Session, but at the moment no progress has been made.

17. The general trend of this effort on the part of the R.I.B.A. has been to bring into prominence the many practical difficulties of any scheme of professional registration; one of the basic difficulties being to define the exact meaning of the word "Architect" and the exact functions which an Architect performs. Any attempt at such definition has immediately aroused opposition from persons who, possibly amongst other things, perform one or other of the functions of an Architect, or concern themselves in some way with Architecture. I am convinced that similar practical difficulties, and perhaps in an aggravated degree, will develop immediately an attempt is made to define what is meant by an "Accountant" and what are the proper functions or duties which an accountant performs.

18. Difficulties of the same nature must confront any Registration Bill for Accountants both from numerous small societies, of which a list is attached with the dates of their formation*, and many of whose members cannot possibly be deemed qualified practising public accountants in the true sense but who will press for admission to the Register. If it be assumed that no person shall be entitled to do accountancy work unless he is registered, which apparently points to a monopoly, there will no doubt also be opposition or claims for inclusion on the Register from the Institute of Municipal Accountants and Treasurers and the Railway Accountants previously referred to, and from bodies like the Institute of Secretaries, the members of which do accountancy work as part of their business and who would oppose any system of Registration which did not provide that this, the lesser side of their business, should entitle them to register as accountants. What, again, is to be the position of the many large Institutions such as Banks, Insurance Companies, &c., who hold themselves out as willing to undertake for their customers accountancy work such as the preparation of Income Tax returns, the reclamation of overpaid duties (retired Revenue Officials would also be affected who do this work), the preparation of trust accounts, &c.? Is the Secretary of a Company or a layman to be prohibited, because he is not on the Register, from being appointed as a Liquidator in a voluntary winding-up or as a Receiver, or from being a Trustee in Bankruptcy or under a Deed of Arrangement or from acting as an Arbitrator or Umpire in References in which Accountancy problems are involved? Would Bank Clerks and Accountants to Companies whose spare time may be occupied in helping tradesmen and others in the preparation of balance sheets, &c., be precluded from doing such work? Would Solicitors, Estate Agents and others who do Accountancy work be free to continue to do so? How would "monopoly" affect Accountants of other nationalities practising here—such as American firms—or in their doing special Accountancy work though not having an office in Great Britain? If they were affected might not reprisals be taken against English firms, and there are many, practising abroad? At present English or Scotch firms practising abroad are not interfered with.

19. Furthermore, if the proposed Act is to include the provisions that only Accountants on the Register are to act as Auditors, considerable difficulties are likely to arise, for at the present time there are a large number of Public Companies who employ lay auditors, and must be qualified as Stock Holders, e.g., the Peninsular and Oriental Steam Navigation Company, the Irish Railway Companies, the Prudential Assurance Company, the Great Western Railway (joint), the San Paulo and Brazilian Railway Company (joint), the European Gas Company (joint), the Imperial and Continental Gas Company (joint), the Regents Canal Company, &c., as well as the Stock Exchange and innumerable charitable and philanthropic bodies. There are also many Statutory Companies, e.g., particularly gas

and water companies, whose Statutes provide that the auditors shall be shareholders and not necessarily professional Accountants.

20. Registration must in my considered judgment mean a levelling down of the profession of Accountancy rather than a levelling up. As has been well said by one of the Council of The Incorporated Society of Accountants and Auditors in an address to Students of that Society on this subject in 1927: "You cannot water your capital without reducing the value of your shares."

21. On any scheme for Registration two great questions must be faced: (a) the standard and system of education and examination and (b) the discipline of "Registered Accountants." With regard to the former, I should press that the standard should in the public interest be kept as high as that of the Chartered Bodies. I may be met by the argument that when the Chartered Bodies were formed many persons were admitted without examination, but I would reply that in 1880 there were comparatively very few persons practising Accountancy (the number who joined the Institute on its formation was 599), the science of Accountancy was nothing like so advanced as at present, and the need of skilled Accountancy, which is so vital in these days, was not so widespread. As to discipline, I can see great if not insuperable difficulties; the Institute of Chartered Accountants now has just over 9,000 Members, and the maintaining of a high standard of professional discipline and etiquette is one of the most difficult tasks the Council has to face. Even on the assumption that "Registration" will only embrace those persons who can prove they are *bona fide* practising Accountants and those members of the various existing Societies who, although not practising, may claim admission to the Register, I estimate that any system of general Registration must embrace at least 25,000 to 30,000 persons, and to maintain discipline and enforce professional etiquette on such a large number will be very difficult if not indeed impossible.

22. I may be asked, "If you are opposed to Registration and the Committee decide in favour of it, what do you propose or what will be the attitude of the Institute?" To this I should reply that, if Registration is decided upon, I should ask that Members of the Chartered Bodies having been created by Royal Charters should be left outside the Register and free to continue to practise as "Chartered Accountants" under the provisions of their respective Charters. If this is deemed impossible or it is desired that the Chartered Bodies should assist to try and make Registration a success, I should urge with all the strength at my command that their title of "Chartered Accountant" and distinguishing initials of "A.C.A." and "F.C.A." should be preserved and that their present organisation under their Royal Charter with their own system of examination and discipline should not be interfered with, and in any Register set up the status of every one registered should be mentioned, i.e., Chartered Accountant, Incorporated Accountant, or such other description as each person is entitled to. Personally I am opposed to the creation of a statutory title such as "Registered Accountant"; if registration is considered to be necessary, I would let the members of all the existing Societies keep their present titles, with liberty to state that they are "Registered under Act of 19...". Any person entitled to register and not a member of an existing Society could describe himself as a "Public Accountant registered under Act of 19..." or if belonging to an existing Society and preferring to call himself a "Public Accountant registered under Act of 19..." he should be at liberty to do so.

23. If a Register is set up and Chartered Accountant bodies are not included, it is submitted that any member of those bodies who elected to go on the Register should be permitted to do so on application, as there may be a few of our members who favour registration. They should, however, it is submitted, continue to call themselves Chartered Accountants.

24. The question of Registration in the Irish Free State is at the present moment under consideration and

* Not reproduced.

meetings of representatives of certain Accountant bodies with members practising in the Free State and a representative of the Irish Ministry of Industry and Commerce have been held. The bodies represented were The Institute of Chartered Accountants in Ireland, The Society of Incorporated Accountants and Auditors, The London Association of Accountants Limited, The Irish Association of Corporate Accountants, The Irish Association of Accountants Limited, and the Central Association of Accountants Limited. In the Free State, the number of practising Public Accountants is quite small, the figure given being 155; but I am informed that the scheme, which may meet with Government approval, involves the retention of the Institute of Chartered Accountants in Ireland as a separate entity, its membership being accepted as a qualification for admission to the Register. The Register is in the first instance to be a Register of all Accountants in practice at the date of the introduction of the Bill. The principle of service in a practising Accountant's office is deemed an essential qualification for registration, and was accepted by all the bodies represented except the London Association. If the Act comes into operation five years' service under Articles would be required or eight years' continuous service in the office of a practising Public Accountant on the Register. All bodies other than the Institute of Chartered Accountants in Ireland would lose their identity under the Bill and cease to function as far as the Irish Free State is concerned. It was agreed that the Institute of Chartered Accountants in Ireland and the Society of Incorporated Accountants and Auditors, which has an organisation in the Free State, should be named in the Bill and no other Societies, and that the examinations of the Institute and Society only should be accepted as a qualification for the Register. So far as I can ascertain nothing has yet been decided as to allowing persons on the Register to use any particular title, such as "Registered Accountant."

25. I do not deal in this Memorandum with the history of the Institute, its growth, membership, system of education or syllabus of examinations, as these are all dealt with in detail by Mr. Colville, our Secretary.

26. It is possible that the Committee may consider this Memorandum deals only generally with the subject, but no Scheme has yet been seen by me showing what qualifications will be necessary for entry on the Register or what provisions are to be made for education, training and discipline. If and when proposals are put forward and I have had an opportunity of considering them carefully with my Council, I shall be quite prepared to deal with matters of detail.

March 7th, 1930.

Sir William Plender Examined.

(Chairman): Sir William, we have your Memorandum here. Would you like to add anything to it now?—Supplementing the statement which is before each Member of the Committee, I would like to say that, since 1911, when a Bill for Registration was introduced in the House of Lords, promoted by the Institute of Chartered Accountants in England and Wales, the three Chartered Scotch bodies and the Society of Incorporated Accountants and Auditors, generally known as the Incorporated Society, there has been a very appreciable growth in the duties, and in their volume, cast upon Chartered Accountants by the public and by Government Departments. Since then the scope of their work has greatly widened, such as in costing, income tax, acting as financial advisers, dealing with reconstruction schemes, and readjustments of capital, &c. The public realise the services they receive and they are employing Chartered Accountants, and if appreciation is measured by the volume of work, and important work, it is abundantly clear that discrimination is already exercised by the public. May I, as evidence of this discrimination, put in a Statement which has not yet been before the Committee, and which contains information extracted from the Stock Exchange Official Intelligence for the year 1929.* It will be seen from the Statement

that, out of a total number of 5,518 companies, 4,971 have their accounts audited by Chartered Accountants, or firms in which all the partners are Chartered Accountants; and the issued capital, including debentures, of that number of companies is £5,595,000,000. And I may say, as regards the number of companies so mentioned, 4,971, the firms of accountants employed on those audits number 984. Perhaps there is no need for me further to amplify the Statement, as it seems to be quite clear, I think; but if any member of the Committee would like to ask questions on it, I shall be only too happy to answer them. (Mr. Walker Clark): Does this include the Scotch? (Witness): Yes. You will see in the middle of the page that there are totals which show that, taking the figure of 5,248 companies in which either the accounts are audited by chartered accountants solely, or by firms in which a chartered accountant is a partner, the combined issued capital, shares and debentures of that total of 5,248 companies is no less than £5,980,000,000. If I may give another illustration: in the year 1929, 290 prospectuses were advertised in the London Press, and, of that number of 290, no less than 263 had as auditors firms of chartered accountants. The number of firms of Chartered Accountants sharing those audits was 116. Of the remaining 27 companies, that is the difference between 263 and 290, the auditors of 10 were incorporated accountants, 12 were mixed firms combining chartered and incorporated accountants, one was a mixed firm consisting of a chartered accountant and a member of the Central Association, and the qualifications of the remaining four firms cannot be traced.

There has been in the 19 intervening years between 1911 (when a Bill for Registration was before the House of Lords) and 1930 a very large growth in the membership of the Institute. It is now just over 9,000, and at December 31, 1910, it was between 4,000 and 5,000. The other Societies have also grown in membership; I think the figures are 7,436 in 1911 and at the end of last year, or the latest date when their publications were issued, 15,662. It was quite evident in 1911 that there would be attacks on the creation of a monopoly, had the Bill of that year been proceeded with. That was evidenced by remarks made in the House of Lords when the Bill received second reading, and also in the Press, both in London and the country, and I think it is not unreasonable to assume that the opposition to restriction or monopoly will be greater now, as more powerful interests may be affected. I would like to urge that effective discipline will be much more difficult now than it would have been in 1911, with such a very large number who may seek admission to a Register, as all the persons who may come on to that Register may not have the same aims and objects and ideals of right conduct as those belonging to the Institute.

As to the demand for registration, I would like to observe that I have seen myself no real public demand for it. Only within the last few days has it come to my knowledge that a circular letter was issued during this month by the Association of British Chambers of Commerce asking for the opinion of local Chambers on the question of registration. I do not know what were the contents of that communication. I do not know whether it defined registration, or who originated the movement, but let me, as an illustration, acquaint you with what has happened in the one case which has come before me; that was the Swansea Chamber of Commerce. They held a Council Meeting this month at which, out of the whole of their membership, 11 persons were present. Five of them were not accountants; six were, and, of the six, four were incorporated accountants, one is believed to belong to the Central Association of Accountants, and one was a chartered accountant who opposed the resolution. But I am quite unaware that any expression of opinion has yet been given by other bodies representing trading, commercial and financial interests, such as the Institute of Bankers, the Federation of British Industries, the Stock Exchange, the Baltic, Lloyds, the Insurance Institute, and the Law Society.

* Appendix A.

Perhaps I may be allowed at this juncture to say that the Select Committee on Local Legislation did not confine their recommendations to a register of practising accountants only, but to all qualified members of the profession. I hope also that I may be allowed to mention that, so recently as October, 1927, in a lecture given by Mr. Walter Holman, a Fellow of the Society of Incorporated Accountants and Auditors, and a Member of the Council, he said: "While I am inclined to favour registration in theory, I think the difficulties of making it really effective are so great as to justify the opinion that registration is not a practical proposition." At the conclusion of that lecture, the Chairman, Mr. Cassleton Elliott, now the Vice-president of the Society, used these words: "Registration is not a very well, but I think that you will find the great majority of people who really desire registration are those who think they may possibly obtain some material benefit from it. If that is the sole object in view, then I do not think registration is good for anybody, because it will be simply protecting a few practitioners at the expense of the many. At the present time the public really knows what it wants. If it requires a well qualified accountant it will go to an Incorporated or a Chartered Accountant."

I might, perhaps, usefully refer now to the question of restriction or monopoly. As far as I have been able to gather information, there is no country in Europe where there is a monopoly. There is no monopoly in Canada, New Zealand, or Australia. Take the United States of America: there are, as you know, 48 separate and theoretically sovereign States. Nine out of those 48 have attempted some form of restriction. But some persons in the State of Oklahoma took a case to the Supreme Court of the United States, and I am informed that the decision of the Court was that restriction or monopoly in any of the States of the Union was unconstitutional. (Chairman): You are using "monopoly" in that sense. (Witness): Yes, restriction. The most important State in America for finance and business, and possibly for accountancy, is New York State, and, when I was in America in October last, it was made abundantly clear that even the accountants in New York State did not favour restriction. Anybody is permitted to carry on his business there as a public practising accountant provided he describes himself as what he is, i.e., a certified public accountant, a chartered accountant, an incorporated accountant, or merely an accountant. There is entire freedom to carry on provided they describe themselves truthfully. (Chairman): They must do that? (Witness): They must describe themselves as what they are. But a man can carry on business there and merely describe himself as an accountant and auditor and he has entire freedom to do so. In Canada, as I have said, there is no restriction. What happens there, in effect, is this: an English or Scotch chartered accountant going there, if he wishes to use the title "chartered accountant" must join one of the Canadian bodies. There has never been any difficulty in any of the States there in any member of the English or the Scotch bodies, on application, being admitted a member of a local Society, and then he may describe himself as a chartered accountant. (Mr. Scott): Is that without examination? (Witness): The local Societies take the English or Scotch examinations as being sufficient to entitle them to membership. There is no monopoly in New Zealand, as I have said, or in Australia; but in South Africa there are three bodies which have made a proviso prohibiting people from practising there who do not belong to their local Societies. There is the Transvaal Society, which numbers 327 ordinary members, apart from absentees; the Natal Society, which has 110 practising members and 57 non-practising members, making a total of 167; and there is the Rhodesian Society, which has 52 members in practice, 50 not in practice, making a total of 102, apart from absentees. "Absentees," for example, include myself. I am a member of one of those Societies because my firm carries on business there, but they put me down as an absentee. Perhaps it may not be necessary for me to deal with each European country. The fact is there is no monopoly or restriction throughout the Continent.

1. (Chairman): With regard to the statement you have handed in this morning, I think you stated that it showed the discrimination of the public?—Yes.

2. I presume you meant by that the discrimination of the public to employ firms whose qualifications they knew?—To employ firms or individuals whose qualifications were Chartered Accountants. You remember, I pointed out that, in the figure of 4,971, at the top of the page, 984 firms are included.

3. Yes. You referred at the beginning of your evidence to the change of attitude of the Institute with regard to registration. As you say there, the Institute in 1911 was in favour of registration?—Yes.

4. I understand your reasons for the change, if I may so call it, are that the number of the members of the Institute has largely increased?—Yes.

5. And that the status of the Chartered Accountant has improved?—It has become certainly very much more widely recognised.

6. The status of the chartered accountant?—I think it has. Since the War I feel confident that the status has got more into public favour than prior to the War.

7. The reasons for that being?—The greater use of the Chartered Accountant by the public and by Government Departments. Nineteen years have led to the title being much more familiar to the public, and also to their work being very greatly widened. The profession has made great advances since 1911 in the class of work they do, its volume, and in the esteem of the public.

8. And those are the reasons for the change in view?—Yes, including, too, as I pointed out just now, the great difficulty there would be in attempting to exercise disciplinary powers over such a vast number of people who might come on the Register. We already have a Disciplinary Committee at our Institute, and their work is not light.

9. You say that there has been a considerable growth in the accountants' bodies. Is the demand of the public then for qualified accountants fully met at the present moment? If I may put it this way: you say that there is a certain discrimination on the part of the public—can the public, using that discrimination, have a sufficient supply for their demand?—I have never heard of any want of supply. There are many accountants who do not belong to our body who do quite a large volume of work and, as I point out in my Memorandum, there are many institutions which do work that is of an accountancy nature. Take, for example, the Banks, who circularise their customers that they are ready to undertake the preparation of income tax accounts, and the recovery of overpaid tax, and there are also many other people who undertake Accountancy duties whose names I have set out in my Memorandum.

10. I presume that the original purpose of the Institute was to combine the accountants of certain qualifications together, and, at the same time, to protect the public? That was the idea in 1880, and I have not heard that there has been any general complaint on the part of the public of want of good service, by whomsoever given. There may be a few isolated cases where they may think they have not been helped as much as they would have expected; but those cases, as far as I know, are extremely rare.

11. You say that registration would, in the eyes of the public, who are not fully informed, convey an idea of equality of professional skill which would be far from the truth. Supposing you had registration, that might be so for the time being, but would not registration in time to come prevent the addition to the profession of persons who are not fully qualified?—It would take a very long time for that to be brought about. It has taken 50 years to get into the position we are now. And there must always, too, be differences in experience and in qualifications. Each surgeon is not of the same quality, each accountant is not of the same quality. I attach, too, if I may say so,

as I point out in my Memorandum, very great importance indeed to the practical training of an accountant in a public accountant's office, apart from the mere passing of examinations. A person with a good memory may pass examinations; he has not had any training in a public accountant's office, and he may, by passing those examinations, join Societies or Bodies other than the Chartered Accountants. But I look upon practical training with quite as much or more favour as I do merely acquiring book knowledge.

12. Anyone can hold himself out to the public and say he is practising as an accountant, at the present time, without compliance with any standard of professional skill?—Yes.

13. Does not this injure the small traders? Is there not some disadvantage to them under this system?—I should doubt it very much. It is a very rare thing indeed for a stranger to walk into an accountant's office and ask that accountant to undertake work. In my experience in the City, which is a very lengthy one, I can hardly recall a case where a stranger, without an introduction, has ever come to me. And a small trader is not likely to give work to a person whose name is merely known to him by seeing it on a brass plate. He would surely make enquiries of friends to see whether they had some knowledge of that person's qualifications.

14. A large number of these people without qualifications would hold themselves out as doing income tax work?—Take the illustration you mention now. A person may describe himself as an income tax specialist, he does not call himself an accountant; and if you had registration of accountants, would that necessarily mean that an income tax specialist would be prohibited from doing that class of work?

15. I presume that people do advertise themselves as accountants who are not really doing accountancy work. Debt collectors and trade protection societies advertise as accountants, do they not?—Personally, I have seen very few advertisements of people who describe themselves as accountants; I do not say in some country districts they may not be noticeable now and again; but there are people, you know, who call themselves "Turf Accountants" and advertise.

16. Exactly. In your view, the public do not need protection from people who tout?—I think the public is sufficiently intelligent to discriminate.

17. Could you tell me this, with regard to qualifications? Do the duties of articled clerks differ from those who are not articled?—They do get more attention in the office on the part of the principals and the managing clerks. Pains are taken to familiarise the articled clerk with the objects of the work which is given him to do, its purpose, its aim, the connection between the beginning and end of his duties; he gets tuition, in fact, from the managing clerk, and occasionally from the principal, as to his duties. They are working, as a rule, under managing clerks who are experienced accountants. For example, if I may quite modestly say this, in our own office in London, including Scotch Chartered Accountants we have not less than 100 chartered accountants and they have clerks working with them who are quite competent accountants but not qualified, and articled clerks as well.

18. The premium in the case of chartered accountants depends largely on the standing of the firm concerned, does it not?—Yes.

19. And sometimes a salary is paid?—As far as I know, the fee in a chartered accountant's office of standing and repute would be probably from 250 guineas to 500 guineas for five years' service, and occasionally a salary is paid after the first six months and for the remaining period of the articles. That is our practice. We always like to encourage our articled clerks by giving them something. Whether that is general or not, I would not like to say, but I should think it is the rule rather than the exception. And when an articled clerk has finished his period of articles, whether it be three years as a University graduate

or five as a non-graduate, he gets quite a reasonable salary from that day; it depends on his qualities, of course, and adaptability to work, and also on the evidence of his diligence, but it is usually about £250 a year, and then it rises, perhaps half-yearly, perhaps yearly, according to his ability.

20. I have seen suggestions that it might be possible to distinguish between auditors and accountants and to set up a Register of public auditors. Would that, in your view, be possible?—A Register of public auditors?

21. Yes.—That would mean confining the Register to people in practice.

22. Yes, and differentiating between auditors' and accountants' work?—I think it would be difficult to draw such a distinction.

23. You mean that the work would overlap?—Do you mean that the register would be divided into two parts, those who are practising and whose qualifications entitle them to entry on the Register and those who do accountancy work but do not fall into that category? Take, for example, banks who do income tax work, estate agents who prepare accounts for their clients who may be landlords, solicitors who prepare accounts of estates and set out what is due to the various beneficiaries, who make distinctions as between capital and revenue as affecting the remainder-men. The income tax specialist I also refer to. It is very difficult to draw the line of demarcation as between public accountants and people who do accountancy work. They do not exactly hold themselves out to do accountancy work, but still they do it for their clients, and very largely, in many instances.

24. With regard to the income tax work, is it not in that class that you find, I was going to say unqualified people, but people of all descriptions doing the work, offering themselves to help people? I heard of a case the other day of a man who said he was an accountant; he had been doing income tax work. He was blind. He appeared before the Commissioners who refused to accept his figures because he had been unable to see them.—I should say that was quite an exception.

25. I should think that was one of the exceptional cases, but there are, are there not, people who have retired?—The retired Somerset House official or inspector of taxes who advertises himself as an income tax specialist and is prepared to submit accounts of traders cannot be called an incompetent person.

26. (Mr. Walker Clark): Provided that he has not been dismissed, I suppose?—Well, that again I hope is an exception.

27. (Mr. Bellman): In paragraph 14 of your Memorandum you quote the Bar as an instance where practical experience before admission to practice is required. I wonder whether that is altogether a safe analogy. There may be claims for registration, which this Committee will have to consider, from those for whom a period of service under articles in an accountant's office was impossible owing to financial and other personal considerations. In such instances, membership of your Institute being out of the question, men may have studied hard and qualified and become members of another accountant's body. Does it not appear that such types might perhaps more appropriately quote the analogy of the barrister, for the barrister has to serve no articles? I think it is not compulsory for a barrister to read in Chambers. There are, I believe, many persons who are called to the Bar and entitled to practise, but who were then at the time they were called to the Bar, and possibly still are, engaged in some sort of lay occupation. Do you agree that there may be some thoroughly sound and excellent accountants who are precluded from membership of your Institute, but whose practical experience and ability entitle them to be recognised if a form of registration is provided?—I draw a distinction between a person who has merely passed examinations and one who, in addition to passing examinations, has had a really good practical experience in a public accountants'

office. I think that is very important. Take the barrister's analogy: I know that a very large number of people are called to the Bar who never intend to practise, but those who do practise as a rule read in the Chambers of a practising barrister.

28. Then in paragraph 18 you refer to estate agents who undertake accounting work. My Lord Chairman has also referred to this type; those who are engaged, I think, mainly on income tax refund work. One notices instances of estate agents lacking accounting qualifications who advertise quite openly for accounting business. One must assume that such agents secure profitable business by advertising in this way, otherwise advertising on those lines would be discontinued. May we assume that you dislike such methods intensely and that you would like to see them eliminated?—I think an estate agent who advertises himself as such and as an accountant would not find very much difference in the cost of advertising by dropping out those two words "and accountant." He would still have his advertisement in as an estate agent, but I doubt very much indeed if in real life these people get any accountancy work worth talking about, unless it is some very small tradesman in the neighbourhood who happens to know the estate agent, and believes him to be an honest and fairly competent man who can do the small accountancy work which that trader needs. That trader might not be able to afford the fees of a person practising as an accountant with a staff and rent to pay whose work was purely accountancy, but if he knew that estate agent and, as I say, had confidence in him as to his reasonable capability and honesty, he might for a very moderate fee wish to use him, and I do not know that the trader is injured by it.

29. No. One can conceive a situation, however, in which a trader might be badly let down by incompetent people, by a person advertising for business in this way?—In life, as you know, everyone is not of equal competence whatever his apparent qualifications may be. I have often heard of patients being discontented with their doctors.

30. In paragraph 21, if I understand you aright, you also suggest that in any scheme for registration the standard and system of education and examination should be kept as high as in that of the Chartered bodies. Unless I misunderstand your reference here I imagine you would only propose to admit to registration, if registration is effected, those who could serve articles. This is what I assume you mean by the system of education?—I would not like to go so far as that, if registration were considered practicable. I do not want to prevent a man who cannot afford to pay for his articles getting into the profession. He would have to serve, however, at least in my judgment, five years in a Public Accountant's Office, and before he could sit for any technical examination he would have to satisfy a competent Board or Council that he had a sufficient general education to justify his coming into the profession.

31. What I had in mind was, if one were to interpret that reference in your Memorandum literally, it would exclude from registration, for instance, Incorporated Accountants who had not served a period of articles, those who had merely passed the examination of the Society?—If registration came, I think it would be difficult; in fact, it would be unreasonable to exclude any incorporated accountant who was in practice.

32. In paragraph 21 again you estimate that any system of general registration must embrace from 25,000 to 30,000 persons, and you suggest that to maintain discipline and enforce professional etiquette among so large a number would be difficult, if not impossible. I have made inquiries and I understand there are now 41,000 names on the General Medical Register. Is there any reason that you can tell us why discipline and control, which the General Medical Council fairly successfully achieve, would be impossible in the profession of accountancy?—That is a very natural question for you to ask after having made those inquiries of the medical bodies.

I have not done so myself. There is this difference, however. The medical bodies consist of people who have gone through a training in hospitals, passed examinations, and who are imbued with more or less the same ideals. When you dump many thousands of people on to a register who have not been accustomed to disciplinary measures, who-soever they are, and, I say this quite respectfully, unacquainted with the aims and ideals of an existing body like ours, I think there would be difficulty. I do not say this offensively; they are not quite in the same class to begin with at any rate, or of the same upbringing or accustomed to the same atmosphere, and their ideas of conduct might be quite different from those who belong to our body or to the Incorporated Society. I hope you will not misunderstand me. I do not say that at all disrespectfully.

33. I quite appreciate the difficulties we would have in the earlier years if registration were effected, but it seems to me the problem ought not to be insuperable after a period of years has elapsed and things have more or less righted themselves. I take it that if a member of your Institute is disciplined for unprofessional conduct, he may still practise as an accountant although he may not use the designation "Chartered Accountant." Is not that a serious weakness in the present position?—I will tell you what my experience has been of that. When a man is suspended or excluded altogether and he ceases to be a Chartered Accountant, nearly all, if not all, of the audits of Companies he holds are taken from him.

34. (Chairman): By whom?—By his clients. It is such a punishment that it practically deprives that man of his ordinary livelihood. He may get a little work, but I should say it is extremely limited. It is so severe a punishment that we never inflict it unless the case is a strong one because we always regard the effect of it as practically depriving him of his livelihood.

35. (Mr. Walker Clark): 984 firms, according to the statement you have handed in, "audit the accounts of 4,971 limited companies?—Yes.

36. Many of those firms would be very large firms of very high standing?—I think that is quite right.

37. And is it not a fact that, when a prospectus is issued, the letters "C.A." after the auditors are an enticement to the public to some extent to invest their money?—I would not like to say they are an enticement exactly. It has some influence.

38. And is not that to a very large extent a reason why such a very great proportion of public companies employ Chartered Accountants as their auditors?—I think they employ Chartered Accountants as auditors because the public have confidence in them.

39. I was not quite sure which it was. In the case of the actual audit of firms such as these, is not a great deal of the work done by article clerks, or juniors very often?—No. When you say "work," that has several meanings. The important work on the audit is undertaken always by a qualified man such as a Chartered Accountant, or it may be an Incorporated Accountant. The vast volume of the detailed work, such as casting, checking, postings, is largely done by junior clerks under supervision.

40. The point I want to get is this. Is there any guarantee that a man who is a member of your Institute, a Chartered Accountant or a fully qualified accountant, does superintend and supervise the actual work done by article clerks or juniors, or is there not sometimes a temptation to use cheap labour in the office?—I should say, unequivocally, no.

41. I am glad to hear that. May I put it in this way as a supplement to that answer. It would be a very dangerous, as well as a very foolish, policy on the part of any Chartered Accountant who respected his name to put work into the hands of men merely because they received small pay.

42. What proportion of your membership comes under the Disciplinary Committee per annum?—(Mr. William Cash): Perhaps you would allow me to answer that, because I happen to be a Member of the Investigation Committee?—We get, on our Investigation Committee, perhaps anything from six to seven complaints a month, but a great many of these complaints turn out on investigation to be matters which are not pursued to a conclusion. The number of cases brought before the Committee per year that get beyond the Committee would be perhaps eight or ten.

43. Infinitesimal?—Very, very small indeed, and of those the great bulk are for unprofessional conduct in the sense of touting for business, or alleged advertisement, or anything of that kind, rather than serious complaints such as fraud.

44. It is extremely small?—(Sir William Plender): The reason of it is this, I think: Our members generally are imbued with the ideals which we set out to fulfil when the Institute was formed.

45. I suppose it would be correct to say that accountants generally are used for three purposes; they are used between partners in business, or for public purposes such as audit of public companies, or for income tax work?—Very much more than that. That is the main portion of their work, but, as you know, in reconstruction schemes, or readjustments of capital, investigations of alleged fraud, liquidations, receiverships, and in many other directions, accountants are now almost invariably used.

46. They are almost business doctors, are they not?—That is an expression I have seen used.

47. Would you suggest that for the small accounts of small traders it is necessary to pay the fee which a Chartered Accountant would charge for his work, small matters where there are only two partners who agree upon the figures themselves and submit them to an accountant for confirmation—division of profits, and so on?—That question is, if I may say so, rather general. If two partners carry on business together, and, as you say, they had agreed upon figures and merely wanted the accountant to consider that agreement, it would be a question of his instructions as to the volume of work he was expected to do. If he were required to check every item in the books it might be a laborious task and his charge might not be inconsiderable because it would be based on time employed. But if it were merely a review of balances in the books and acquiring information from the two partners, the amount of work, limited as you have described, could probably be done in a few days and the fee then would be quite moderate.

48. Accounts submitted to the Inland Revenue for income tax purposes are, as you know, very rough in many cases. Would you suggest, if registration is adopted, that such accounts should be prepared, or at any rate signed, by a Chartered Accountant?—I would not go so far as that, because you immediately run up against the banks, and I think it is a very serious matter to suggest that that work which a department of the bank might be quite competent to do should be removed from them. You probably know that most of the banks send out pamphlets to their customers in which they lay great stress upon their willingness to undertake that work for their customers, and they do it to a very great extent indeed, and I would not like to suggest that they are not competent, at any rate, to do that class of income tax work. When it gets into the more difficult problems of a great Company, that is another matter, but with ordinary customers of banks I should say that the officials of the bank are quite competent to prepare the statements correctly.

49. (Chairman): When the banks say that they are prepared to do income tax work, they do so, of course, in circulars which they send out privately to their customers, and I think that in those circulars they always say—at least, I know one bank which does—that they do not desire to compete with solicitors and accountants?—The banks show quite a correct attitude.

50. Do they compete very much?—They do compete, but I do not know that to any great extent we complain. If we have thought that a circular was of a general touting character then we have made representations, and our representations have not been unheeded by the banks.

51. (Mr. Walker Clark): In the paragraph of your memorandum to which Mr. Bellman has alluded before, paragraph 21, where you put hypothetically the possibility of registration, the standard and system of education and examination are strongly emphasised. Is it not a fact that quite a number of other organisations do not require experience and the passing of examinations in order to obtain recognition of competency?—I think the Institute of Chartered Accountants is the only body which makes it necessary for a person seeking admission not only to pass an examination, but also to serve his period of articles in a Chartered Accountant's office so as to get practical experience.

52. Do the Scotch?—The Scotch do. I am speaking, however, now of England.

53. (Mr. Kenneth Lee): Would you tell us in connection with the statement you handed in,* what proportion of accountancy work in England is done by Chartered Accountants in addition to the work of auditing?—I think that would be a very difficult question to answer.

54. I have seen a statement made that 95 per cent. in Scotland is done by Chartered Accountants?—My statement was got out to illustrate the discrimination of the public in selecting Chartered Accountants to do public companies' work. I am afraid I could not tell you the exact proportion of other work because, as you know, there are many private firms who employ accountants, for example, some of the discount and accepting houses; we act for many of them. There are large estate accounts kept by solicitors whose accounts are audited by Chartered Accountants, the great ground landlords of London and many of the landowners of the country; the liquidation of public companies, any amount of other accountancy work. I would not like to say that we, the chartered bodies, do the same percentage of such work as we do in audits, but I should not be surprised if it were something like that proportion. I could not definitely say. Speaking from my own experience in the City, I know that a very large amount of work passing through Chartered Accountants' offices relates to public companies' work.

55. Do you think the percentage might be similar to that in Scotland—95 per cent.?—I could not say anything beyond that it might be. I would not like to pin myself to it. There is an immense amount of work for example done in chartered accountants' offices relating to trusts.

56. What would all those other thousands of accountants be doing who are not members of the chartered bodies?—There is a great deal of work in connection with trading and commercial concerns, not of great magnitude as regards size, but there is a vast number of private traders in the country who do employ accountants. In fact, other accountants must be largely employed because there are so many of them who apparently earn a living.

57. To what extent, may I ask, are Chartered Accountants' employees members of these other institutions?—You mean the Incorporated, and the London Association and so on? We have got possibly a dozen Incorporated; I believe we have got two or three members of the other Societies. Whether they are the London or the Central I really do not know, but I know of two members of our staff who belong to one or other of those two bodies. They have been with us very many years, between 30 and 40 I believe.

58. Do you think it would be possible to have a Register which would show not the accountants to which people would have to go, but would just indicate the accountants who were qualified, so that people could see from a list

the accountants who were regarded by the State as being competent?—I think the public already know who are competent without a Register, and my real fear is that, having a Register, you will raise the status of a number of people, who will go on to it merely by reason of being in practice.

59. (Mr. Scott): I take it, so far as the Chartered Societies are concerned, you do not think there is any call for registration; that is to say, that your status has so developed during the past 50 years, and the public have got so well acquainted with your profession, that the Chartered Societies do not require any aid, such as registration, in connection with their duties as regards the public. In other words, you are satisfied that the letters "C.A." suffice without any additional thing such as registration?—That is my view.

60. Then is there not the point of view with regard to the public? At the present time there must be many people who have no idea of the status of those various bodies which during the past 30 or 40 years have gradually grown up, and, therefore, when they are asked by one of the members of those Societies to be allowed to audit their books they have no actual knowledge of the qualifications of those people and might be induced to employ them because of the smaller fee?—As I said before, I can hardly conceive it possible that a man in business into whose office a stranger walks and says "I am a member of this or that Society, may I audit your books for such and such a fee?"—I cannot conceive of such a trader who would treat that man leniently for, say, invading his premises without being invited. Nor can I understand his engaging him without making inquiries of friends or bankers or others, as to his fitness to do the work.

61. Yes. But surely there is a very pronounced difference in the qualifications, both educational and practical office qualifications, of the men who are members of your body and a number of men who are members of these other less known Societies?—That I entirely agree with.

62. We are all, I think, conversant and agree with what you have said about touting. It is a question of the protection of the public against other Societies which have grown up. The qualifications, educational or otherwise, the office training, I agree with you, are essential, and the public do require protection?—I am not really aware that there have been any complaints on the part of the public of inefficient service. This talk of protection of the public, as far as I know, has got no foundation in fact. Where is the evidence that is really tangible of the public having suffered?

63. Take, for instance, the audits which have been done by some of these Societies. Perhaps you yourself, Sir William, are not satisfied with these. My question is directed to the qualifications of the men who are members of those Societies. In other words, would it not be better, so far as the public is concerned, if, by registration, the Societies generally could be levelled up to a standard which you yourself would approve of? At present, you just allow them to carry on with any qualifications, educational or otherwise, which they may set down in their constitutions. One or two of those bodies maintain, I understand, that they have been trying to level up their educational qualifications. Would it not be desirable to give them registration, putting them on the Register, provided they had such educational and other qualifications under their constitutions duly carried out; would it not be putting the accountancy profession on a higher level for the public?—If you create a Register and permit people to come on to that Register who had merely been in practice a certain number of years at the date when the Register became operative, I think you would probably bring in—in fact, I am sure you would bring in—a very large number of people who would receive a status they were not entitled to. When you are going to create a monopoly, you cannot close your eyes to existing practitioners, whatever their qualifications may be.

64. I think you said, in connection with the United States, that those parties who were outside the ordinary profession were entitled to carry on, provided they put after their names their specific qualifications?—Yes.

65. That is to say, there is no actual monopoly in the United States?—I have no objection to a continuance of that here.

66. That is what I meant. If a man is a chartered accountant he describes himself as such, an incorporated accountant the same. I do not know what the other bodies call themselves, whether it is certified accountants or corporate accountants or associated accountants—whatever they may be—let them call themselves what they are and if they do not belong to any of those bodies let them describe themselves as public accountants. The public can then see to what body they belong, and it is in their discretion to employ them or not?—I am so afraid, and this is a real fear, that if a Register is set up and there are admitted to it, as I am sure will be the case, many thousands of people who are holding themselves out as being in practice, you will give them a status which they are not entitled to, and you will raise their level in the public estimation, which they are not entitled to.

67. (Mr. Walker Clark): It would give them a status, although they are not qualified?—Absolutely.

68. (Mr. Scott): Is it not possible to have a system of registration started under which, for instance, the members of your own body and other chartered bodies would automatically be entitled to call themselves registered? You would not automatically put on people—it is not necessary to do so even under registration—who have simply been practising as accountants. They would continue to call themselves what they call themselves at present, but they would not be entitled to call themselves registered until whatever body was created to control registration was satisfied that they should be registered.—Do I understand your point of view to be this, then, that a Register should be set up but that no monopoly should be created?

69. Yes.—That anybody can still carry on business, if he chooses to do so, as a public accountant, although he is not on the Register?

70. Yes.—Would that serve the purpose you have in view, namely, protecting the public?

71. It would, gradually. That is to say, as regards any man who wanted to do the wider scope of accountancy. He, at any rate, must be under this registration, and he would not be registered until, by educational and other qualifications such as would be laid down by a Central Board, he had qualified himself for it. That is my point. Just one other question. I think you indicated that, in 1911, your members were roughly between 4,000 and 5,000, and now the Chartered Societies have a membership of, say, 9,000?—The Institute in England and Wales has 9,000. That does not cover the Scotch bodies.

72. Yes; I meant that. I am quoting your numbers with regard to the Chartered body here. At the same time, I think you said that, in 1929, the members of the outside bodies in England were 15,000?—Yes; that is the approximate figure.

73. I am merely taking a rough number. Is not that something like double what they were in 1911?—Yes.

74. Does not that indicate that there must be work of some kind for the members of the smaller bodies; otherwise they would not be there, they would not adopt the profession?—It does not follow that those numbers represent accountants in practice. Far from that; a large number of those people are clerks in offices, not merely clerks in accountants' offices, but in hundreds of companies and municipal bodies, and so on. That does not represent the growth in practising accountants.

75. That is just my point. I think there is an element of danger with regard to the public. You yourself, for instance, do not even know the names of these bodies. Well, the general public cannot be expected to know their

qualifications. If, for instance, we do not know all these different kinds of accountants, what is the poor member of the public to do? The banker may tell him "I have your statement, but I want a proper Balance Sheet." He may go to his neighbour and ask him to draw it up. His neighbour may be one of those men who call themselves accountants and this, that and the other. Is not there a danger to the public there?—I think you would find in that case the bank would not receive a statement prepared by some unknown individual.

76. I am afraid that, in practice, banks do?—My own experience of banks is that they are particular as to the accounts which are put before them and they want to know, at any rate, the name, if not the person who signs them. I do not think you need fear that the bank would be misled.

77. They would not be misled, but would the bank be satisfied with the Balance Sheet?—What happens in real life is this, and I speak with some experience. The banker says to the tradesman: "I want Balance Sheets and Profit and Loss Accounts of your business, say, for the last three years." The tradesman, who has not employed an accountant, says: "To whom would you like me to go?" Then the banker recommends him to somebody of repute. That is the practice. (*Mr. Scott*): I am afraid that does not altogether agree with my own experience.

78. (*Mr. Scurr*): Your point is that, in your view, registration would really convey a totally wrong impression to the public?—My view is that it is unnecessary.

79. That it would really be held out by otherwise unqualified people as a qualification, and that it is unnecessary?—I think it would raise the status of a good many people who are not entitled to that status, if registration included—and I think it would have to do, if a monopoly were created—a vast army of people who are practising as public accountants.

80. Your view is that the great and important concerns of the country know that the chartered and the other bodies fulfil everything that is necessary, and the consequence is that your Institute and the Incorporated Society practically get the bulk of the work, 99 per cent.?—I think there is a great deal of work done which is not done either by our own members or by the Incorporated Society, not large work, probably, but still a good deal of work. I daresay many accountants do it quite well; at any rate, they do it well enough to satisfy their clients, and, as I said before, I have not heard of complaints. I do not remember a case—there may be one or two exceptions—for years past where a trader has refused to pay the bill of an accountant he employed and an action has resulted. Such things are extraordinarily rare. And does not that itself show that dissatisfaction is not at all prevalent?

81. You think the public are adequately protected at present?—I think the public are sufficiently discriminating to look after themselves.

82. (*Mr. Wills*): In paragraph 11 of your Memorandum, you say "Registration would, in the eyes of the public who are not fully informed, convey an idea of equality in professional skill"—and I think the same idea occurs elsewhere in your Memorandum. Do you really go as far as that? Take the case of doctors. They are all on the Medical Register. Do the public think they are all equally skilled?—They are not all equally skilled, because individual experience and individual qualities always count, but the general impression that would be conveyed to the public would be that those who were on the Register possessed more or less equal qualifications.

83. Would it not rather suggest that there was some minimum of qualifications?—Yes, I accept that.

84. And would there be no advantage in having a Register of accountants, a Register of persons who possessed the same minimum qualifications in the accountancy profession?—I do not think the Register would provide for that, if, as I said just now, you had to include

in it all persons who had been in practice a number of years when registration became operative, and I do not see how you could exclude them.

85. That is very difficult, I agree. Assuming registration is bound to come, the longer it is delayed the greater the problem becomes, does it not? Assuming that registration has taken place a number of years ago, the number of people that would automatically have gone on the Register, merely because they were in practice, would have been very much smaller than now; and would it not be to the ultimate advantage to have a Register, even though at the outset you are bound to include persons not of the highest qualifications?—I think it is quite problematical whether the Bill of 1911 would ever have become law. The attempt to have registration then would have met with most formidable opposition which, as I said to His Lordship earlier in the proceedings, was abundantly evident in Parliament and outside Parliament. The opposition would be still keener, still greater, now, and I doubt really whether registration is a practicable proposition. I also think, as I said before, that the penalty that would have to be paid for registration is too great now.

86. Might not the risk possibly be greater at some future period?—I do not think so. I believe the public already realise what accountancy means, and they also are fully cognisant of the people who are competent to do accountancy work.

The Committee had before them the following Memorandum by Mr. William Cash, F.C.A.:—

MEMORANDUM No. 2.

1. I am a Past President of the Institute of Chartered Accountants in England and Wales, having been President in the years 1921-1922 and 1922-1923, and Vice-President in 1920-1921. I have been a member of the Council since 1908. I am a Member of the following Committees:—

Examination Committee.

Investigation Committee.

General Purposes Committee.

Parliamentary and Law Committee.

I acted as Examiner some years ago. I have passed all examinations of the Institute, and was admitted a Member in 1889.

I have been concerned on behalf of the Institute in the Parliamentary proceedings on various Corporation Bills, and have also attended Conferences with the other Chartered bodies and Incorporated Society, and was present at the meeting in Edinburgh in June, 1923.

2. *Registration*.—The President of the Board of Trade has appointed a Departmental Committee to inquire into this subject. The terms of reference are "to consider and report whether it is desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law, and, if so, to report on the method by which such register should be established and controlled." This leads to the consideration of the question as to whether, if the Committee find it is desirable, it is in fact practicable to devise a scheme that is (a) fair and equitable, and (b) workable.

3. The terms of reference seem to contemplate a monopoly as the word "restrict" is used. I assume for the moment that this monopoly would relate to "practising public accountants," and taking each of these words I will deal with the difficulties which arise in connection with them.

4. *Practice*.—The Legislature would presumably have to define what constitutes "practice." Now the accountancy profession is very diverse and widespread, for example, the most important and largest branch of the work probably relates to auditing. This again may be split up into Public Companies, Private Companies, Friendly Societies, Building Societies and Partnerships. In Bankruptcy there are the appointments of Trustees in Bankruptcy and Trustees under Deeds of Arrangement.

In Company work there is Liquidation—(a) voluntary and (b) under an Order of the Court; the appointment of a Receiver and Manager under the Court, and Receiverships for Debenture Holders or under the Conveyancing Act. Two alternatives seem to be open: to say that some or all of the above defined duties, the list of which is not, of course, exhaustive, should be performed only by a registered accountant, or to say that no one should practise as a public accountant unless registered.

5. The next word in the title is *Public*. Would "practising" as a "public" accountant be defined or limited to carrying on work or performing duties for reward, and could public accountancy be said to be carried on if the auditor or accountant were acting in a voluntary capacity and without reward? Again there is the question of practising as an accountant by a man whose whole time was not given up to the accountancy profession. There are many persons who undertake audit work while their main occupation is as a servant or employee of other persons, e.g., bankers' clerks, accountants to commercial undertakings, &c.

6. The last word in the title is *Accountant*. This is extremely difficult to define; for example, there is the position of the book-keeper who in certain circumstances assists in writing up books, preparing a balance-sheet from books already written up, or who deals merely with the division and allocation of profits in a private partnership. Is this to be forbidden or specifically exempt under any rules or regulations? There is also work of another category undertaken by clerks and private individuals as well as by practising public accountants, such as accounts connected with executorships and administration matters, preparing and compiling figures for Probate, the periodical preparation of accounts for executors or trustees, often involving questions of the apportionment and allocation of receipts between the tenant for life and the remainderman. There is also the position of those persons who describe themselves in the London Telephone Directory as turf accountants.

7. Another very big branch of accountancy work is that in connection with taxation. This work lies for the most part in the hands of accountants, but there are many people carrying on the business of Income Tax Experts, e.g., retired Inland Revenue officials, who prepare returns for Income Tax and/or Super Tax and claims for repayment of Income Tax involving the question of abatements and allowances. It is also a growing practice for banks to undertake such work for their customers.

8. As distinguished from a "public" accountant there is the lay auditor, of whom there are quite a number who undertake audit duties in connection with public companies (e.g., The Prudential Insurance Company and The Great Western Railway Company and many public utility undertakings).

9. The Joint Stock Companies Act is now in operation with regard to many small traders who carry on business as limited companies with quite small issued capital and whose accounts in many instances are audited by persons who may be described as book-keepers, but are not in the true sense public accountants.

10. If there is any attempt to restrict persons carrying on accountancy practice, questions for consideration will also arise with regard to:—

(a) Solicitors who to-day frequently prepare and render accounts in connection with executorship matters and other like accounts;

(b) Bankers who publicly advertise that they will assist customers in the preparation of Income Tax returns;

(c) Surveyors and estate agents who keep and render Estate Accounts;

(d) Accountants to public companies who perform audit duties and honorary auditors of such undertakings as hospitals, charities, clubs, and public institutions.

11. *Qualifications*.—It will be necessary to define what qualifications shall admit to the Register. It is presumed that at first it will be necessary to admit all accountants now "practising" and include therein members of the existing bodies who are in fact not practising, but are fully qualified and at present hold appointments in the commercial world or in Government Departments.

A difficulty will obviously arise with regard to practising accountants who are not members of any existing body, and it seems impossible to determine what real test of suitability or qualification can be imposed. Presumably after a period of years admission will be only by examination, but unless a period of service under Articles or in an office is to be essential, obviously a great number of persons with a mere theoretical or professorial knowledge and without practical experience would become entitled to practise. So many questions of real difficulty in compilation and the audit of accounts arise daily that it is suggested that these persons, if qualified only by examination and registration, will be a danger and not a protection to the public.

12. *Examinations*.—As regards future examinations, these would have, it is assumed, to be conducted by a new Examination Board, in which case the question of subjects for examination would have to be determined. Would an accountant with a small practice, say in Income Tax, have to be examined in such subjects as Company Law and Law relating to Friendly Societies and Building Societies, Bankruptcy, Liquidation and Receiverships? As an alternative, the question of examination as at present conducted by existing bodies, whose standard probably varies considerably, would have to be considered. If, for example, the test imposed on Chartered Accountants is to be the standard, it will be very difficult for many book-keepers to attain the standard. The question will become one of either levelling up or levelling down the present standard, and if the existing bodies are to be allowed to continue with their examinations and tests, steps will have to be taken to see that there is a real equality of test, or, alternatively, it will have to be admitted that the tests vary, and in that event no advantages will be gained over the present system of varying standards.

13. *Monopoly*.—If it is decided that legislation would not take the form of a monopoly, then there would be nothing to prevent new bodies being created with inferior standards outside the body of registered accountants. In 1880, when the Royal Charter was granted, it was hoped by uniting the then existing bodies that practising accountants other than those enrolled under the Charter would cease to exist, but this has not been the case.

If, on the other hand, a monopoly is created, the question would remain for decision as to whether existing bodies should continue. In that event, certain of those bodies would continue to enjoy their higher level of distinction, and the public, when employing accountants, would discriminate, as they do to-day, between the qualifications existing and there would be no uniformity of qualification.

14. *Discipline*.—Registration must obviously involve the question of discipline. This might be left in the hands of the new registration body, or, alternatively, if the existing organisations remain, discipline would continue in their hands. The question of discipline would mainly arise in connection with touting or advertising and other conduct which is described in the Charter of the Institute as "discreditable." To-day the level or standard of discipline in the various bodies of accountants is not uniform either at home or abroad. With regard to advertising the practice in the United States and in the Colonies is different to that ruling in England, and it is submitted that if the discipline is to be administered by a registration body, a further heavy burden and much work would be thrown upon them.

15. *Other Bodies*.—There are certain organisations whose position and status would have to be considered and/or safeguarded. As, for example, the Institute of Municipal Accountants and Treasurers; Costs and Works

Accountants; Railway Accountants; Accountants of Commercial Enterprises; the Institute of Secretaries, etc., etc. Members of these bodies have, of course, considerable experience and knowledge in their own particular work. They have obviously considerable skill in book-keeping, but they have not as a rule experience in the wider branches of accountancy, as for example, questions involving holding and subsidiary companies; foreign and branch accounts; the control of organisations; protection against fraud, costing, etc.

16. Other Professions.—The question of registration has been dealt with so far as medicine and dentistry are concerned, but there are other professions or occupations where it has been considered and in the main found impracticable, as, for example, with regard to nursing, midwifery, architects, plumbers, etc.

With regard to architects, which is a somewhat similar case, it would not appear to be practicable to prevent municipal engineers, engineers to commercial undertakings, surveyors and estate agents from acting in the capacity of architects in the design and erection of buildings so as fully to protect practising architects or the public.

17. Reciprocity.—There is one further and last matter of considerable importance which has also to be considered, and that is the question of reciprocity with other countries. At present, Members of the Institute of Chartered Accountants have facilities granted to them abroad. A great number of firms have branch offices on the Continent, in Paris, Brussels, Amsterdam, Berlin, Madrid, and other cities. In India, Ceylon and Australia there are a great number of offices, as well as in New York, Chicago, and most of the other American centres, also in Canada, the Argentine, Buenos Ayres, Egypt (Cairo), and so on. In the Colonies and in America there are reciprocal arrangements. Also the practice of English accountants extends to Ireland and many accountants hold audit appointments in certain cities where they do not actually have an office.

It will have to be decided, therefore, whether, if a monopoly is granted in this country, it will preclude Continental or American accountants from (a) opening an office here, or (b) conducting an audit or accountancy work in this country, or alternatively whether such accountants would be permitted to practise here subject to their being registered. It would obviously be extremely difficult to prohibit, say, an American accountant from conducting an audit here, or, indeed, to ascertain the fact that he had done so, while if such exclusion of practice was in force, the Colonies and other countries would take action to exclude English accountants from practising abroad.

In conclusion, I hope I may be permitted to say that in my personal opinion registration of practising members of the accountancy profession is not desirable. I attended the conference with the Scottish Chartered Accountants held in Edinburgh on June 22nd, 1923, the Resolution then passed being quoted in the Memorandum by Sir William Plender. I concur in such Resolution, and in my opinion the practical difficulties in legislation are insurmountable, while I think the disadvantages of a Register which necessarily must include a large body of persons with limited qualifications would have the effect of levelling down the present high standard set up primarily by the Institute of Chartered Accountants, and as a result would not be desirable in the public interest or in the interest of the profession generally. Further, I think the public to-day are in a position of discriminating between the qualifications of the professional accountant they desire to employ for the particular work they desire to be done, and each year the respective qualifications of the various organisations are becoming better known.

March 10th, 1900.

Mr. Cash Examined.

(Chairman): We have your evidence before us, Mr. Cash. It is very clearly put here. I do not know whether

you desire to add anything to it?—Well, My Lord, Sir William Plender has covered the ground so fully that I do not think I ought to take up the time of the Committee in saying very much in addition, except that I should like to say one word with regard to the position on the Bill of 1911, rather to emphasise this point. I think, when it was said that the Institute of Chartered Accountants were in favour of that Bill, there was an idea at the time that it might put an end to all these questions of other Societies and other bodies, and that we might try and get one united body. I agree with Sir William Plender that, when one comes to look at what took place at the time, there would have been a considerable amount of opposition, and it is by no means sure that the Bill would have passed even in the form in which it was finally presented to the House of Lords. (Chairman): You mean that, when the question of registration came to be considered, there were more difficulties than you anticipated at the time in regard to the Bill? (The Witness): Yes. Of course, the position has changed so materially since. For instance, take this as an example. Whether it would have been necessary then, to use a common expression, to have swallowed a considerable number of members of outside bodies or not, to-day the position, as I am looking at it, from the point of view of the profession as distinct from the public, would be a much more serious matter. And even our own body were not unanimous in their views that they would have liked to have seen that Bill passed in 1911. Furthermore, as Sir William said, the practice of accountancy has grown so enormously. Take the very big question of taxation and the number of limited companies. In the list which Sir William has put in,* dealing with those companies, there are about 5,500 companies. Speaking from memory, there are nearly 10,000 public companies and there are 80,000 private companies, and I think that may be the answer to the question that one member of the Committee asked, as to what work these particular accountants are doing. There is a great mass of small work. As members of the Committee know, to-day one's grocer and one's ironmonger and so forth are all limited companies, and their accounts have to be audited by somebody, and they are done by men in the smaller branches. Those people may be perfectly competent to do that kind of work, and do it quite well in a number of instances. The other thing I would like to say in that connection is that, whereas there are cases of members of one or other of the bodies, or of members of no particular body, who are carrying on certain accountancy work and who have been found fault with, it is not clear that registration is going to help that particular question. There will be cases, undoubtedly, in which, although there may be cause for complaint, and particularly with regard to income tax work, registration will enable those people, as I understand the proposition, to still continue to act as so-called income tax specialists without infringing any provision of the legislature as to the practice of accountancy. In other words, a man could still practise as an income tax specialist provided he did not call himself an accountant. With regard to the questions put to Sir William by Mr. Scott as to a sort of limited registration, there, with the greatest possible respect to him, it seems to me if you are merely going to take the existing Societies and say they shall qualify for registration and attach to them the label of registered accountant, you are not even then going to settle the matter, because those people will still remain members of their particular societies, and if *ipso facto* they are to come in for registration, you will be no further forward than when you started, unless you go a step further and say that only those particular people shall be allowed to practise at all. Then, if I may deal with one matter which has been stressed by one or two other Members of the Committee the illustration of the doctors: it must be remembered that every doctor has been through a hospital, that is to say, he has had experience, and every doctor has passed an examination. That seems to me a little different from the position, taking the accountancy

* Appendix A.

profession as a whole, to-day. There are a considerable number of members of those outside bodies who have not really had that experience. Sir William referred to the London Association. I think I am right in saying that two-thirds of the members of the London Association are not in practice at all. The proportion is very high.

87. (Chairman): When you say "not in practice," what exactly do you mean?—They hold positions, for instance, as clerks to other accountants, or they may hold positions, responsible positions, no doubt, in limited companies and so forth as secretary and accountant: I mean not in practice as a public accountant.

88. That is really the answer I wanted to get. They are experienced?—They may have experience. Undoubtedly.

89. A great many of those men would have valuable experience?—Yes; of course, experience limited to their particular environment, if one may say so. That is to say, you may have a man who may be a very experienced book-keeper and can keep the accounts of a particular company very well, but he knows very little about other business generally, for instance, bankruptcy, and so forth. Mr. Colville has just given me an extract, which I will quote, from the proceedings of the House of Commons Committee on the Cardiff Corporation Bill last week: Mr. Latham, Secretary of the London Association, was being examined: "Counsel: I think your present membership to the end of the year, 2,894, includes 780 Fellows and 2,144 Associates?" (He is referring to his own Society, the London Association.) "Answer: That is so. Question: Of those, how many are in public practice? Answer: 32 per cent." So I was about right in what I said; two-thirds are not in practice as public accountants.

90. As public accountants?—Yes. Then if I may just take up one more moment. It does seem to me—Sir William put it better than I can—that the effect of registration is really in one sense a levelling down of the qualification of the profession as a whole. That is to say, if all these people are to be treated as of equivalent value, especially those whose experience and training may be limited, that is going to bring down the whole level of the profession rather than raise it, and if, in future, registration is to carry with it a test of qualification by examination only, I do venture to think there, although you will protect the man who is in practice to-day, you may be inflicting a considerable hardship if you set a very high level, because you are going to ask men who are quite competent to do what I may term the smaller, less important work, to pass a very stiff examination in a great number of subjects which very likely they will never actually require in practice; and while from the point of view of the existing practitioners that would put all the business into their hands, I am not quite sure that that is a fair thing to do, because, as was said in the Irish proceedings, there are small traders and people whose accounts to-day are examined by the village schoolmaster, if I may use that example, who may desire to continue that arrangement and not be driven into the hands of a professional charging substantial fees.

91. You were dealing with figures just now, were you not? In the Institute I see that out of 9,047 members at least 4,120 are in practice—practically half?—Yes, I have no doubt your Lordship has got the correct figures. I think Mr. Colville gives the figures, does he not?

92. Yes, Mr. Colville gives the figures. The membership was 9,047, of whom 4,120 were Fellows and Associates practising in England or Wales; 3,600 were not in practice?—That is right; that is to say, even in our own Institute, as the Committee no doubt know, there are a great many chartered accountants holding important positions as accountants or secretaries of big undertakings, but, of course, every one of those has been through an accountant's office and had his experience and has also passed his examinations, and of those who are not in practice you get a very considerable number, as Sir William quoted, who, although not practising on their own account, are practising in that sense.

93. In the first paragraph of your Memorandum you say that you have been concerned on behalf of the Institute in the Parliamentary proceedings on various Corporation Bills—of course, largely before the Local Legislation Committee. At the conclusion of the proceedings before the Local Legislation Committee on the Chester Corporation Bill the Chairman said: "Those who are on the Committee will have some difficulty with a clause like this unless something is done by the accounting world, and we, therefore, ask the accounting world to take note of our observations." I do not know if you have any suggestion to make as to how that might be dealt with except by registration?—This matter has been discussed again during the current week on the Cardiff Bill, and I daresay your Committee will be aware that that Committee have finally decided to include the London Association along with the Chartered and Incorporated bodies, and I imagine, though, of course, one does not know, that that Committee were rather proceeding on the lines suggested by Sir William Middlebrook when he was Chairman of the Local Legislation Committee some years ago, when he said: "At the moment we propose to limit these particular appointments to the Chartered and Incorporated bodies until such time as some other body can prove to us that they ought properly to be added"; and there the matter at the moment rests. The alternative would be as was discussed, I think, in the Cardiff proceedings at the beginning of the week, to use some general term, and say that there should be no discrimination in favour of the Chartered and Incorporated bodies and the Corporations might be entitled to employ a professional public accountant. That was another suggestion apart from registration, leaving the way open to the Cardiff Corporation to select somebody who they thought was fully qualified. They would not be debarred from appointing any person they thought was competent, although I think I ought in fairness to say the Cardiff Corporation did not like that. They said no, that was throwing the doors open rather too wide.

94. (Mr. Walker Clark): Was there not an objection by the Ministry of Health?—I do not know that that was put forward. Of course, there was a suggestion that the clause should follow the Model Bill of the House of Lords dealing with Gas and Water Companies, where there is what is termed a Special Purposes Fund, and that the auditor who has to act in regard to that Fund must be a Chartered or Incorporated Accountant or an auditor appointed by the Board of Trade, but I understand the Board of Trade are not particularly anxious to have that duty thrust upon them, or the Ministry of Health either.

95. (Mr. Wills): Perhaps I might interpose. As a matter of fact, the Board of Trade have objected quite recently to such a clause in other than Gas and Water Bills?—Yes. I think the Board of Trade have accepted the clause in Gas and Water Bills.

96. These are rather in an exceptional position?—But I think I am right in saying the Board are not particularly anxious to act.

97. It is the duty of approving, rather than appointing?—Yes, approving, if you please. That is the right way to put it.

98. (Chairman): With regard to income tax work there is one question I want to ask. In the Income Tax Act of 1918 it says, in Section 137, sub-section 3 (c): "Accountant" means a person who has been admitted a member of an incorporated society of accountants." Does that lead to societies being formed for that purpose, societies springing up in order to meet that demand?—I think Mr. Colville can answer that better than I can, because he knows what discussions there have been on that particular clause. Of course, the clause is so wide that it practically includes anybody who is a member of any society. When you use the word "incorporated," of course, "incorporated" may be taken to mean incorporated under an Act of Parliament—a limited company,

in other words. (*Mr. Colville*): Yes, that had a very great effect on these companies. The London Association, I think I am correct in saying, very nearly came into existence on the strength of the similar provision in the Revenue Act, 1903.

99. To meet it?—To meet it. It freely advertised, and so did one or two other of these companies: "Join our body; if you do so you will be entitled to plead before the Income Tax Commissioners." I have seen an advertisement myself to that effect. May I hand it in? There is an inset in red ink on that document, you see; in the middle of the page. (*Chairman* quoting from the document handed in): "The Faculty of Auditors is an incorporated society of accountants complying with sect. 137 (3) of the Income Tax Act of 1918, and its members are entitled to plead before the Income Tax Commissioners."

100. (*Chairman*): That is the foundation of a Society to meet the sub-section in the Act?—It undoubtedly was at that time.

101. (*Mr. Bellman*): In paragraph 14 of your Memorandum you comment on the fact that the standard of discipline in the various bodies of accountants is not uniform. May we take it that you would agree that uniformity is desirable, and that, in particular, it is, to say the least of it, a little unfortunate that an accountant disciplined either by the Chartered or Incorporated body should be allowed to practise as an accountant after expulsion from the Institute or Society?—(*Mr. Cash*): Yes, I would confirm what Sir William said; we do exercise that power with great reluctance and great care, and I think that expulsion practically ruins a man or destroys his practice if he is turned out of one of the important bodies.

102. In the second place you submit that, "if the discipline is to be administered by a registration body, a further heavy burden and much work would be thrown upon them." Sir William has told us this morning in answer to an inquiry that he thinks only about 8 to 10 serious cases arise annually in your own Institute, that is to say, cases which get through on representation to the Council. Is one to infer from Sir William's answer, taken conjointly with your Memorandum, that you anticipate that there will be a great need for discipline in the Institutions other than the Chartered bodies?—We get continual complaints from our members that in certain parts, particularly in the Provinces, there is a great deal of advertising and touting by these outside persons, and I am bound to say to that extent, as our members think that should be obliterated or put a stop to completely, there is something to be said on that ground for registration—which is rather the point you are making. But, on the other side of the question, as to the amount of work that would be involved in exercising this discipline, I am quite sure that at the beginning at all events it would be very considerable indeed. We are extremely strict with regard to advertising. We will not even allow our members to have their names printed in heavy type in the Telephone Directory or to advertise in any shape or form in a newspaper. We know some of the other bodies—I do not want to go into details—are nothing like as strict.

103. (*Chairman*): The heavier your work in that respect the greater the protection to the public?—Well, the smaller the amount of advertising the greater the protection of the existing practitioners. I do not think the public are damaged. It is on the same lines as the Stock Exchange, where no London stockbroker is allowed to advertise.

104. (*Mr. Branson*): Does your Investigation Committee receive complaints from the public as opposed to complaints from members?—Yes.

105. Do you get from the public complaints against persons who are not members of your Institute?—No; we get complaints from our members sometimes objecting

to their methods of practice, but, of course, we have no power to investigate complaints about other people.

106. The public appears to know pretty well whom you can discipline and whom you cannot?—Yes.

107. (*Mr. Walker Clark*): Do you admit women who have passed the examination, and do you allow them to be articulated?—Yes.

108. There is no sex disqualification?—No. The Secretary reminds me, of course, that is effected by means of general legislation. (*Mr. Colville*): The Sex Disqualification (Removal) Act.

109. (*Mr. Walker Clark*): It would not compel you to receive them?—(*Mr. Cash*): I think Mr. Colville would say that it does. However, the answer is that we do admit women.

110. Would registration mean a fixed scale of fees, a fixed scale of remuneration?—Oh, no, I do not think so at all.

111. It would not?—No. Of course, the charges of accountants in certain particulars are fixed—in proceedings before the Court where the accounts for remuneration have to be passed by an appropriate legal authority.

112. (*Chairman*): Do they vary very much in other ways?—Yes. For instance, if you were going to employ Sir William Plender you would have to pay him a great deal more than if you employed me.

113. (*Mr. Walker Clark*): Is there any attempt by your Society to fix a minimum scale of fees?—No, not by the Institute officially.

114. You have two classes of members, Fellows and Associates?—Yes.

115. Could there not be a third class created by registration besides Fellows and Associates?—We have a distinction between members in practice and members not in practice.

116. Could there not be a third class of qualification?—I am afraid I do not quite understand.

117. A Fellow is a member of a certain number of years' standing?—Five years in practice.

118. His five years in practice have given him a status in addition to the fact that he is a Fellow?—In addition to the fact that he is a member?

119. Yes, in addition to the fact that he is a member. Could not there be a third class in which you could put a man who is not qualified either by experience or articles, and yet can practise as an accountant?—I should have thought it would have been extremely difficult actually to define a class of that character, if you are to say that he is not in practice and has not been examined.

120. He is in practice, but has not passed an examination?—Then it seems to me you are rather, if I may venture to say so, attempting to perpetuate the present differentiation between the different societies and their rules. In other words, if you are merely going to attach the label of registration to the particular series of classes, some of whom have passed examinations, some of whom have served articles, some of whom have been in practice, I should have thought it made the position more difficult even than it is to-day.

121. And it would not meet with your approval?—No.

122. (*Mr. Scott*): May I take it that as regards registration the Chartered bodies, as I have said to Sir William Plender, would rather not have such a thing introduced because they think that it would transfer some of the well-deserved prestige of the Chartered bodies to bodies which had no claim to it?—Yes, it would raise the level of those persons whom we respectfully suggest have no claim.

123. That is your view?—Yes, that is my view. But I want to add this, that, of course, the Chartered bodies, in saying that from their own point of view, do not desire

to disregard the fact that the public is the all-important factor. The whole situation *vis-a-vis* the public must, I think, come first.

124. Yes. Still you agree that the Chartered bodies in England and Scotland—I know it applies to Scotland and the same no doubt applies to England—at present do overwhelmingly the largest amount of accountancy work in its full scope. The question of registration only affects the accountancy profession in a comparatively small way?—Yes.

125. And it would be a very serious matter if anything were done by way of registration to transfer, as I say, this prestige to some of these other bodies at any rate?—I agree.

126. You agree that?—Yes; and, of course, in Scotland, as you said just now, the chartered bodies there are almost paramount. They do not have to anything like the extent we have here—I was going to say the competition of those smaller bodies.

127. No, they are in a smaller country, and the Chartered body was established so long ago in Edinburgh to begin with that the public are quite well aware of its exceptional status?—And, of course, in Scotland their qualifications have always been particularly high, in their examinations.

128. That is what I mean. I take it you still have in England this system of only two articulated clerks being allowed?—To each partner.

129. Has that had any appreciable effect upon the number of entrants to the profession?—No, I think if you look at Mr. Colville's figures where he sets out the numbers of applicants and the numbers of examinees—and all those examinees, of course, must be articulated clerks—the numbers entering the Chartered profession are very high, and I think there is quite an adequate supply of men.

130. Then, how do you account for this rapid increase in the numbers of those other bodies outside the Chartered bodies?—There is a variety of reasons. Partly it may be there is a certain type of man who is not in a position to work for five years and pay a premium—that has some influence on it—and partly the growth of this smaller class of work, such as Income Tax work, accounts of small traders and so forth. Also, as an example, I think, in the proceedings on one of the Bills in the House of Commons a witness put in the Chair on behalf of one of these other bodies was asked: "Why did you join this particular body?" He quite candidly replied: "In the hope of registration some day."

131. Then you admit to a certain extent that there is an exclusiveness about the Chartered body in the sense that it is not everyone who can pay these premiums?—Quite. And personally—I am now on the ground of public policy—that seems one more difficulty with regard to registration. If you are going to say that hereafter no one shall carry on the business of a public professional accountant—however you may define it—except a man who is registered and who can pass these examinations and so forth, are you not going to inflict some hardship on comparatively poor men who may have some qualification and may be quite entitled to carry on in a limited sense the profession of accountancy?

132. Do you not think, as far as registration is concerned, you can allow the position to remain? That is to say, a man can qualify for registration if he likes?—Yes, but he has got to qualify for registration either by passing the examination of a new Registration Board or by passing the existing examination on the level of the existing bodies. In either event you are going to put him to a far more severe test, and, if he is merely to be qualified by examination without experience, are you assisting the public?

133. Would it not be competent to have men certified as qualified for registration, provided they had gone through a certain standard of educational training and also office training, to satisfy that examining Board?—

Then if you are going to do that, surely you will be practically bringing up the whole profession to the level of the best.

134. That is what I intend.—If you do that, and at the same time create a monopoly, are you not going to interfere with the living of a certain number of people who are quite entitled and ought to be allowed to carry on?

135. You would not interfere. You just allow things to go on, but if any ambitious young man who cannot, say, afford to pay the premium to a chartered accountant—take one of those other bodies, some of them with very large membership and apparently a very severe examination—supposing he joined that body and said: "I want to qualify for registration." Is there any reason why we should not level up the whole accountancy profession? It would not do you, the Chartered bodies, any harm, would it, that you were also entitled to call yourselves registered?—It would not do us any harm that we were entitled to call ourselves registered, but we should very much urge on this Committee the right to continue our title of Chartered Accountant, and if the Committee concede that then you have still got the differentiation between the various bodies now existing as you had before registration was enforced.

136. Yes. You agree that, in the same way as in the legal profession, you may have differentiation between the qualification of members according to the degrees they hold, so in accountancy you would have the differentiation. Naturally most men would prefer to be "C.A.," and others would say, "I cannot; my circumstances do not allow me." Is it not a hardship that you should not allow these men to be put under a test and undergo experience to enable them to become fully qualified accountants, although not Chartered Accountants?—With great respect, would you really be advancing the position very much unless you have in mind that, having become members of those Societies already, they should then submit themselves to a fresh test under a Registration Board?

137. Yes. My point is, if you allow the thing to remain as it is without any protection at all—we have had so many societies formed, some of them with a very limited scope of operations—you may have an indefinite number in the next few years?—Assuming that the position you have just outlined were carried out, and assuming registration in those terms, then what is going to prevent any body of men forming another society in the very next year after you have passed your Act of Parliament?

138. If you had them all coming in with the proper qualifications there would not be any reason?—Would there not be? Take the position in 1880 which is disclosed in this Charter granted 50 years ago. It was hoped then that we were going to have a closed body. You will see there were particular bodies to whom Her Majesty granted this Charter which was intended to bring the profession under one head. That failed because immediately, or very shortly afterwards, other bodies were started. Therefore, it seems to me you are driven to the question of either invoking a monopoly or continuing with an additional label under the existing situation.

139. Is it not possible that many of those other societies were formed simply because the conditions were too difficult for people to enter the Chartered bodies, whether because of the premium or otherwise?—Undoubtedly.

140. And they formed these other societies, and many of them apparently are carrying on quite a substantial amount of business?—Oh, yes, that is so.

141. Is it not desirable that we should have for the public's sake the level of education and general efficiency brought up to a certain standard, and that could be accomplished by a Registration Board?—I would like to think that out, because it is put in perhaps a rather novel form to me. Personally, I should have thought that unless you are going to enforce it by monopoly you are still going to have persons practising who are not fully

qualified and against whom the public would require just the same protection as it is alleged they require to-day.

142. Yes, but then they would have themselves to blame because they would see at once that those people were not registered?—Yes.

143. (*Mr. Wills*): Do you think it would be possible to have a register of persons engaged in audit work as distinct from other classes of accountancy work, people whom one might call watchdogs, the distinction between the accountants employed in the office permanently by a company and the auditors appointed at the general meeting?—Have you in mind that the accounts of all limited companies registered under the 1929 Act should be audited by registered accountants?

144. I am not suggesting how it should be done; that would lead to private companies having to appoint auditors from the Register.—That would be a difficulty it seems to me, because of the enormous number of small companies. You have to-day Building Societies, one of whose auditors must be a professional accountant.

145. (*Mr. Bellman*): No; a public accountant.—A practising public accountant; you have that limitation. You have the Friendly Societies; you can understand that; and then you have to define what you mean by a professional public accountant.

146. It is rather a special class of work, is it not?—A very important class of work.

147. (*Mr. Wills*): If we were talking about the public interest, it is possible that this is the class of work in which the public are mainly interested and, therefore, require protection?—I rather agree with what Sir William just said, that in the great bulk of accountancy work the public do differentiate and they differentiate by selection, having regard to the qualification.

148. (*Mr. Walker Clark*): The Friendly Societies' auditors are on a panel?—On a panel approved by the Treasury.

149. By the Registrar of Friendly Societies?—No, I think it is the Treasury. Their accounts go to the Registrar of Friendly Societies.

150. (*Mr. Wills*): You think it might be possible to differentiate between those two classes of work, but you do not think it is desirable?—It may be, but I do not think it would be desirable; you might inflict hardship on private companies.

151. Then would you exclude the private companies?—Yes, but there are 80,000 private companies as against 10,000 public companies.

The Committee had before them the following Memorandum by the Hon. George Colville:—

MEMORANDUM No. 3.

I am and have been the Secretary of the Institute of Chartered Accountants in England and Wales since the year 1899.

1. The Institute was incorporated by Royal Charter in the year 1880.

I produce a copy of the Royal Charter and Bye-laws.*

Under the provisions of the Charter it became incumbent on the Council to admit to membership all the members of the following five Societies of Accountants which were then in existence, viz: Institute of Accountants, Society of Accountants in England, Incorporated Society of Liverpool Accountants, Manchester Institute of Accountants, Sheffield Institute of Accountants. From the date of the granting of the Charter these five Societies ceased to exist.

The Charter further provided that persons who at that date had been continuously three years in practice or five years continuously in service or five years in practice and service combined should be admitted to Membership.

2. Subject to the above, to admissions authorised under Section 12 of the Charter† and to a provision which was in existence for a few years under which Public Accountants who had been ten years in practice could be admitted to Membership (either with or without passing the Final Examination) all persons admitted to Membership since 1880 have been required to pass the Preliminary Examination (unless entitled to exemption on the ground of passing some public education examination) to serve under Articles for five years (three years in the case of a University Graduate) and to pass the Intermediate and Final Examinations. Those in continuous service since 1882 could join on passing the Final Examination.

3. At the conclusion of the War, some concession as regards the Preliminary Examination and as regards the full term of service under Articles was made, as in other professions, but no person was admitted without a term of service under Articles and passing the Final Examination.

4. I produce a Statement showing the number of persons admitted to membership under the above heads during each year since the grant of the Royal Charter.‡

5. On December 31st, 1929, the membership of the Institute was 8,714, of whom 4,120 were Fellows and Associates practising in England or Wales, 3,602 were Associates not in practice in England or Wales, and 992 were either in practice or employment outside these limits, chiefly abroad. The membership to-day is 9,047.

6. On December 31st, 1929, of the 8,714 Members of the Institute, 8,487 had passed the Final Examination, practically all after service under Articles. Of the 227 who have not passed the Institute's Final Examination, some passed the Examinations of the Constituent Societies prior to 1880.

7. The following Examinations are held every year in accordance with the Bye-laws of the Institute:—

(a) The Preliminary Examination.

This Examination must be passed by a person desirous of becoming an article clerk, but exemption is allowed in the case of persons who are Graduates of any University in the United Kingdom or certain other named Universities in the Empire and in the case of persons who have passed various other examinations of a similar or higher standard.

The examination consists of the following subjects: (i) Dictation and English Composition; (ii) Arithmetic; (iii) Algebra and Geometry; (iv) History; (v) Geography; and (vi) two of several additional subjects to be selected by the candidate, one of which must be a language.

(b) The Intermediate Examination.

After expiration of one-half of the term of service under Articles every Article Clerk must present himself for this examination to test the progress he has made in professional knowledge.

The examination consists of the following subjects:

(i) General Commercial Knowledge (including the principles and uses of Book-keeping); (ii) Book-keeping and Accounts (with special reference to the Accounts of Limited Companies); (iii) Book-keeping and Accounts (including the Accounts of Partners and Executors); and (iv) Auditing.

(c) The Final Examination.

Before applying to be admitted a Member of the Institute, Article Clerks must pass this Examination, for which they may not present themselves until a period of two years has elapsed since passing the Intermediate Examination (in the case of Graduates of a University who have been article clerk for three years, a period of one year).

The examination consists of the following subjects: (i) Advanced Book-keeping and Accountancy, including

† Appendix B.

‡ Appendix C.

* Not reproduced.

Costing and Taxation (First Paper); (ii) Advanced Book-keeping and Accountancy, including Costing and Taxation (Second Paper); (iii) Auditing; (iv) Partnership and Executorship Law and Accounts, including the Rights and Duties of Executors, Trustees, and Receivers; (v) Bankruptcy and Company Law, including Rights and Duties of Liquidators, Receivers in Bankruptcy and under Deeds of Arrangement; (vi) The principles of Mercantile Law, and of the Law of Arbitrations and Awards; (vii) in addition to the above subjects, candidates are required to take as an additional subject either (1) Economics, (2) Banking, Currency, and Foreign Exchanges, or (3) Actuarial Science.

I produce copies of the questions set at the last Preliminary, Intermediate, and Final Examinations* and a syllabus showing their scope.

Having served his Articles and passed these Examinations, an Articled Clerk is, subject to his being a fit and proper person in character, entitled to admission to the Institute.

8. The Institute was incorporated with a view to the education and supervision of a class of accountants known as "Public Accountants" who are in business in a similar way to Solicitors and who hold themselves out as ready and willing to do Accountancy work for fees, as entirely distinct from those who call themselves "Accountants" (but who would be more properly described as "Book-keepers") and who being in the permanent employment of mercantile firms and Public Companies at a salary keep the accounts of those companies only.

The following is a definition I have seen of the expression "Public Accountant":—

A public accountant is a person skilled in the affairs of commerce and finance and particularly in the accounts relating thereto, who either on behalf of himself or others places his services at the disposal of the public for remuneration, and maintains an office or place at which his services may be engaged, and whose time, during the ordinary hours of business, is not entirely under the control of any one individual, firm or corporation.

9. Many members of the Institute after admission accept posts in large Statutory and Commercial undertakings where they act as Accountants or Secretaries, but their duties in these positions are much more important than those of Book-keeper.

10. The duties undertaken by Public Accountants are numerous and their functions of increasing importance. Chiefly may be mentioned Liquidatorships, Receiverships, Trusteeships in Bankruptcy or under arrangements with creditors, &c., and more particularly the auditing of the accounts of Statutory Companies, Limited Liability Companies, both public and private, the audit and preparation of business, legal and private accounts, and many other matters.

11. A few years since, the appointments of Public Auditors under the Industrial and Friendly Societies Acts were limited to those who were Chartered or Incorporated Accountants, and in his Report for the year 1926 the Registrar of Friendly Societies stated that this restriction in appointment was then proving very satisfactory.

12. In the majority of cases premiums are paid by Clerks who wish to serve under Articles. The amount varies with the class of office in which they wish to serve and is a matter of arrangement with the employer. It may or may not provide for payment of salary, but since the War a substantial salary has generally been paid. A capable clerk is very frequently given Articles of Clerkship by his employer free of expense.

13. Under the Bye-Laws of the Institute no Member may have in his service at the same time more than two Articled Clerks and on December 31st, 1929, 3,747 clerks were serving under Articles to Members of the Institute.

14. I produce a statement showing the results of the Preliminary, Intermediate, and Final Examinations for the years 1919 to 1929.*

15. The number of persons who either through exemption from the Preliminary Examination or by passing that Examination, became eligible to serve under Articles during each of the last five years are as follows:—

	1925	1926	1927	1928	1929
Passed Preliminary ..	365	360	381	342	325
Exempt from Preliminary	428	447	489	518	551
Total	793	807	870	860	876

16. The following are the numbers of graduates included in the exemptions granted during each of the last five years respectively, and who consequently became entitled to serve the reduced period of three years:—

1925	51
1926	49
1927	47
1928	64
1929	53

17. Commencing in 1893, Bills proposing Registration of Accountants were from time to time promoted by the Institute and Society of Incorporated Accountants and Auditors, but these bills made no progress until a joint Bill promoted by the Institute and Society and approved by the Members of the Institute at their Annual Meeting was introduced into the House of Lords in 1909. As a result of objections from various quarters and especially by Lord Saltoun on behalf of the Scottish Chartered Societies it was dropped.

18. In 1911, the Institute and Society in conjunction with the Scottish and Irish Chartered Societies introduced a Registration Bill in the House of Lords where, with the support of the Government, it was read a second time. A proposal was made to the House of Commons that the Bill should be referred to a Joint Committee of both Houses for consideration in detail. This proposal was blocked in the House of Commons by Sir Frederick Banbury, objections having been raised that the Bill did not provide for the admission of women to the Register, that members of the Society of Municipal Treasurers and Accountants (who are whole-time employees of Municipal Corporations and who do not publicly practise) were not included, and that such persons as the Accountant Officers of Railway Companies and similar bodies would not be placed on the Register. It was of course impossible to include such persons in a Bill which purported to be a Bill for the Registration of Practising Professional Accountants, and no further progress was made, nor in the circumstances was it thought worth while proceeding further with it in subsequent Sessions.

19. Beginning in 1914, claims for recognition as bodies whose members were qualified to undertake the audit of the accounts of Corporations and Statutory Public Utility Companies have been made to Parliament by the London Association of Accountants Limited, the Central Association of Accountants Limited, and the Corporation of Accountants Limited, three bodies incorporated under the Limited Liability Company Law, and the subject has been dealt with by Parliament in six Bills. The Institute and Society jointly opposed the petitions of these bodies in Committee and were successful in preventing recognition on each occasion. The ground of opposition was that the Companies referred to had been largely admitting to membership persons who had had no practical experience of the work of a Public Accountant and a very small percentage of whom had ever passed an examination on admission to their respective bodies. The fact, however, that these contests between professional bodies had to take place on Bills promoted by ratepayers, who really had no interest in these professional questions, but had to

* Not reproduced.

* Appendix D.

bear its expense, caused strong comment on the subject to be made by the Chairman of the two sections of the Local Legislation Committee of the House of Commons in 1928 and 1929, and as a means of avoiding further litigation, the question of establishing a Register has been suggested.

20. In the course of these Parliamentary inquiries, I have had to make detailed investigations into the membership and methods of admission of the Members of the London Association of Accountants Limited, the Central Association of Accountants Limited and the Corporation of Accountants Limited, and while no doubt a certain number of the Members of all three bodies are publicly practising as Accountants, there can be no question but that the majority of their members have not passed any examination or had practical experience in the work of a Public Accountant or are in fact practising as Public Accountants at all.

21. In the Gloucester Corporation Bill before a House of Lords Committee in 1927 where the Petition was by the Central Association of Accountants Limited, it was alleged and no figure could be suggested by the Association to prove otherwise, that only 37 Members out of a total of over 800 had been admitted to the Association after examination.

22. In 1914, similar figures were proved with regard to the London Association of Accountants Limited; and in the Bolton Corporation Bill in 1920 the number of its members who had passed examinations was so few that when the appearances before the Committee were entered the Association who had briefed Counsel to appear on their behalf withdrew presumably for this reason.

23. In 1929, when the London Association and the Corporation of Accountants petitioned in the Chester Corporation Bill, it was stated that in 1920 (that is, after the Bolton Corporation Bill) the London Association had introduced a system of examination so that it was not possible for anyone to be admitted to membership without passing its Final Examination; yet at that date the Secretary of the Association gave evidence that 58 per cent. only of the present membership had passed the Final Examination.

24. With regard to the Corporation of Accountants Limited, this body appeared on petition in the Stoke-on-Trent Bill in 1928, when their Counsel withdrew with the statement that the Association had only that year closed the door to admission otherwise than by examination and that they realised that they had not in fact reached quite the same status that the London Association had. The Corporation again petitioned in the Chester Corporation Bill in 1929, but withdrew a few hours before the Bill came before Committee.

25. In the published lists of the Corporation of Accountants and the London Association are to be found the names of a considerable number of persons who have been articulated in the past to Members of the Institute, but who were not able to proceed to membership owing to being unable, some after many attempts, to pass its examinations. In the case of the London Association, twelve such instances were found (one member having failed in the Institute's Intermediate Examination no less than nine times) and in the case of the Corporation of Accountants nineteen instances (one member of the Corporation having failed twelve times to pass the Institute's Intermediate Examination). Some of these have now been admitted to the Associations without examinations, and some after examination. It is proposed presumably that such persons shall rank on the Register with those who can and in fact have passed the Institute Examinations.

26. In my opinion, members of the bodies above referred to have in many cases sought membership with a view to claiming admission to the Register if Registration of Accountants becomes the law.

27. In these circumstances, I am of opinion that a Register to which would be admitted all members of the three bodies above referred to would not be in the interests

of the public, inasmuch as it would represent as being fit for important public work persons who have never seen the practice of Public Accountancy and 50 per cent. or more of whom have never passed any examination to test their qualification.

28. A question arises, therefore, as to the examination test which is passed by members of the three Associations mentioned. It is claimed that the standard is the same as that of the Institute and Society. The questions possibly are, but because a question is the same, it does not follow that the standard for a correct answer to the question is the same. In other words, that the same question put in the Institute's examination and the London Association's examination would necessarily obtain the same percentage of marks.

29. Registration raises the following questions:—

(1) Who is to be included in the Register? Is it to be a Register of public practising Accountants, which it might be possible though very difficult to define; or is it to be a Register of all Accountants, to which there can be no limitations, as it would include book-keepers in every business and firm.

(2) If it is to be a Register of public practising Accountants some kind of monopoly must be involved. Would it be a monopoly of auditing by amending the Companies Act so as to provide that the Auditor of every company, public or private, must be an Accountant on the Register? It cannot be believed that the business world would consent to the profession so registered having the monopoly of liquidatorships or of trusteeships in bankruptcy, and still less could the right of Accountants to charge remuneration be limited to those on the register? Again, would the legal profession and the bankers agree to Income Tax work being made the work of the Accountant profession alone?

(3) What is the use of the Register if it does not imply some restriction and to what extent can there be any restriction?

30. I am not aware of there having been any public demand for the Registration of Accountants. I am, of course, continuously hearing of the subject in my office correspondence, principally (1) from Members of the Institute practising in small localities who complain of unfair competition from members of other bodies and entirely unattached Accountants who advertise and tout for business; and more particularly with regard to the competition in Income Tax work by a large number of ex-Inland Revenue officials who use the fact that they were once employed by the Inland Revenue as a reason for their having intimate knowledge of this class of work, and who, being subject to no professional discipline, advertise the fact with great effect; (2) from other Members who hope that the registration of Accountants would remove from competition numbers of members of other bodies who have never passed any examination and who, with other persons now in practice who belong to no body at all, might not find a place on the Register; and (3) from other Societies, more particularly the London Association of Accountants Limited, the Central Association of Accountants Limited, and the Corporation of Accountants Limited, who unquestionably think that the name of "Registered Accountant" would be more attractive to the public as a professional designation than that which they now possess, and that they would in this way be able to compete better with those who are entitled to describe themselves as Chartered Accountants. The qualification "Chartered Accountant" has during the last twenty years attracted a great deal of attention, and it is not unnatural that it has aroused jealousy in the minds of those who cannot or will not obtain it. In South Africa the expression has been deliberately adopted with the sanction of the Provincial Legislature for the use of members of the leading bodies of Accountants there who have no Charter to justify the name. In my opinion, the creation of any such Statutory title as Registered Accountant would undoubtedly level upwards the position of a large

number of Accountants of every kind throughout the Kingdom, and at the same time level down the Chartered Accountant profession which without hesitation I maintain, has made the profession of Accountant what it is to-day and is the envy of those who, I will not say could not, but would not take the necessary steps to obtain the qualification themselves.

31. It may be asked: Are the Members of the Institute in favour of Registration? The Council has passed a Resolution against it, which I think represents the feeling of the majority of Members, but I find a great confusion in the minds of many as to what is meant by "Registration," and until this is defined it is impossible to give a definite answer. In this connection, I have read with very much interest a lecture delivered before the Incorporated Accountants Students Society of London by Mr. Walter Holman, Fellow of the Society of Incorporated Accountants and Auditors and a Member of its Council, delivered so lately as October, 1927. In this lecture he deals with the subject succinctly and judiciously, and after discussing the arguments for and against Registration concludes by saying:—

"While I am inclined to favour Registration in theory, I think the difficulties of making it really effective are so great as to justify the opinion that Registration is not a practical proposition."

At the conclusion of the lecture, the Chairman, Mr. E. Cassleton Elliott (now Vice-President of the Society) stated as follows:—

"Registration is all very well, but I think you will find that the great majority of people who really desire Registration are those who think they may possibly obtain some material benefit from it. If that is the sole object in view, then I do not think Registration is good for anybody, because it will be simply protecting a few practitioners at the expense of the many. At the present time the public really knows what it wants. If it requires a well qualified Accountant it will go to an Incorporated or a Chartered Accountant."

32. I entirely agree with these remarks and share Mr. Cassleton Elliott's opinion that those who desire Registration are those who think they may obtain advantage from it and that there is no call for it from the public. March 10th, 1930.

The Hon. George Colville Examined.

(The Witness): There are one or two matters I should like to refer to. First of all, I think I ought to mention what happened in the Cardiff Corporation Bill when it was before the Local Legislation Committee of the House of Commons last week. The Corporation had included in their Bill a Clause taking power to employ, as auditors of the Corporation's accounts, a firm of Chartered or a firm of Incorporated Accountants. The London Association of Accountants, Limited, lodged a petition with a view to having their name included in the Clause, whilst the Institute and Society lodged petitions against alterations. The petitioners against alterations, however, announced that in view of this Departmental Committee having been set up to consider the question of registration for accountants, which resulted from the suggestion of the Local Legislation Committee last year in connection with the Chester Corporation Bill, they would not take any part in the proceedings, and accordingly withdrew. In their absence the London Association of Accountants, Limited, were heard, and the Committee eventually decided that they would include their name in the Clause. I should like to draw attention to the following question by Mr. Keen, Counsel for the London Association, put to Mr. Latham, its Secretary, and his reply:—"Mr. Keen: And is the whole question of registration one that must involve difficulty and may involve a great deal of delay?—Mr. Latham: Enormous difficulties." Mr. Latham's Association is the Association which wishes to put forward registration, and he sees the enormous difficulties that there are.

Sir William Plender mentioned the places abroad where there was registration and where there was not registration. There was an attempt made in South Africa in 1927 to effect registration throughout the whole Union. That scheme entirely collapsed, and the only result of the Act was that the local societies took statutory authority to adopt the name of "Chartered Accountant." They liked the name so they took statutory authority to apply it to themselves.

Mr. Scott, I think, rather suggested that it might be difficult to become an article clerk to a chartered accountant. I rather think you made that suggestion, Sir. (Mr. Scott): I suggested that some young men might not have the cash. (The Witness): That, of course, is possible, and I should like to deal with that. There are 4,120 chartered accountants in practice. Each of them can take two article clerks. So that means there are 8,240 vacancies. But only 3,747 of them are filled. So it cannot be said article clerks cannot get a post. (Mr. Scott): Excuse me. It was the other way I was putting it: it was the young men who would like to become article clerks who cannot afford the money. (The Witness): I was going to deal with that next. With regard to the premiums which are payable, Sir William Plender mentioned 500 guineas. I think you must take that as a very high maximum. There are certain cases, a number I should think, of article clerks who are accepted without any premium at all, possibly because they have been good clerks, and their employer wants to help them, and gives them their articles—a considerable number. There are many article clerks who pay a premium of 100 guineas, there are many who pay 200 and 300 guineas, but since the War by far the largest majority of those articles provide for the premium being repaid during the course of service by way of salary. One member mentioned the analogy of a barrister, which Sir William Plender referred to in his Memorandum. Of course, we all know that the real rule affecting a barrister is that he has to eat a certain number of dinners at the Inns of Court, but I venture to think that practically every barrister who has taken up the Bar as a profession with the intention of practising does read in a barrister's chambers, and I venture to say that it would be practically impossible for a barrister to practise unless he had not only read in counsel's chambers, but had attended the Law Courts, and seen practice. He must have practical experience in addition to passing the examination, and, of course, he pays a fee for reading with a barrister.

With regard to the London Association, it has been my duty and endeavour to find out what the members of the London Association were doing. They gave in evidence last week, as Mr. Cash, I think, said just now, that 32 per cent. of their members were in practice. Of the remaining 68 per cent., a very large percentage are employed by trading companies and by private firms and in that class of business, but a very large number of them have never been into an accountant's office. They have crammed for their examination, their only experience is just keeping the ordinary books of an office; they have no knowledge of real public accounting. I happen to know one member of the London Association; he is described as the accountant of a Charity; a very excellent clerk; you could not have a better clerk; but I should doubt if he had ever seen an audit, except the audit of that one Charity. He cannot have seen liquidation; he is simply there as an excellent book-keeper; but from the point of view of a public practising accountant he has no experience at all, yet he is an Associate of that body, and in five years' time, if he holds his present appointment for another five years, he will become a Fellow.

152. (Mr. Scott): Would not registration under the conditions which I indicated a few minutes ago be an effective bar against that kind of man, a man who had no actual practical training as an accountant? He would not be able to call himself registered?—You would then have to cut out membership of the London Association as being a condition of admission to the Register. (Mr. Scott): No.

Excuse me. You prevent certain members of that Association from calling themselves registered. (*The Witness*): That is what I mean. You have to cut out that Association, *ipso facto*; a body whose members will not meet that condition. I do not think you would find that the London Association would allow that to pass through Parliament without opposition. There is one piece of evidence which was given in the Chester Bill last year which I think is rather interesting. Mr. George Spencer Houghton, Fellow of the London Association, gave evidence, when they attempted to get recognised in the Bill, and he was cross-examined by Counsel for the Institute. He was asked as follows:—"So the position was this, that you had been in the employment for 20 years of a Chartered Accountant, you could have joined the Society, but you would have had to pass an examination to test your knowledge, you chose to join the London Association, which you could do on paying a fee, without passing any examination. Is that right?—That is an absolute fact." Re-examined by Mr. Craig Henderson (who was his Association's counsel): "That was in 1911?—That was in 1911, just about the time when the Registration Bill was being introduced, and I thought at that time that as I was not attached to any particular society it was desirable that I should be attached to one; naturally I chose the one I have continued to adopt. I have not seen that it would serve any further useful purpose if I became attached to either of the other societies with the exception of that one extent in which legislation bars us from acting. Therefore, I am quite content with the membership of my own association.—Q. That was only one year after the system of examination was first introduced. Was there any Association in 1910?—Yes." Then the Chairman asked this question: "Do you attach any importance to qualifications by examination?—No, Sir. I attach the most importance to the man who had had the actual practical experience.—Q. Are we to understand that you do not attach any importance whatever to qualifications by examination?—The examination may be superficial.—Q. Will you answer the question?—Well, it must be qualified, Sir; I mean, a man may cram and he may forget all he has learnt in less than six months." There you have one of the Council of the London Association saying that in his opinion practical experience is essential, and yet the Association admits about two-thirds of its members without any practical experience at all.

153. (*Chairman*): In paragraph 11 of your Memorandum you say "A few years since, the appointments of Public Auditors under the Industrial and Friendly Societies Acts were limited to those who were Chartered or Incorporated Accountants, and in his Report for the year 1926, the Registrar of Friendly Societies stated that this restriction in appointment was then proving very satisfactory." What is the meaning of "this restriction"?—That was a provision pressed on the Government, I understand, by the Registrar of Friendly Societies, who found that some of the auditors on the list were extremely unsatisfactory, and he wished to make sure of the qualifications by employing members of the Institute or the Society.

154. In paragraph 30 of your Memorandum you say: "I am not aware of there having been any public demand for the registration of accountants. I am, of course, continuously hearing of the subject in my office correspondence, principally (1) from members of the Institute practising in small localities who complain of unfair competition from members of other bodies and entirely unattached accountants," &c. Do you get many complaints of that kind?—I could not give you any figure.

155. You intimate that you get them?—I do get a certain number from our own members, who say "Can you not stop this sort of thing"; they perhaps send me a circular signed by some outside accountant who more often than not is a retired revenue officer.

156. That rather suggests that registration would remove that?—That is their idea.

157. (*Mr. Bellman*): In paragraph 21 of Sir William Plender's Evidence, reference is made to the 599 members

who joined the Institute on its formation in 1880, and I see from your schedule that the total number admitted without examination, for instance, in the first year, was 949.—Yes.

158. That being a half a century ago, I take it one may assume that the majority, if not all, of those first entrants have now ceased to practise? Would that be a fair assumption?—Not quite. A very large majority, I admit, but there are a considerable number still in practice.

159. Is it possible for you to tell me, even approximately, the proportion of your members who joined the Institute without examination up to, say, the year 1908, who are still practising? I select 1908 because there has been practically no entrant without examination since that period.—I think I have given you that answer, have I not? 1,858 came in, practically all of them in two sections, before 1908, without examination, and I think earlier in my Memorandum I say there are only 227 who have not passed the Institute's final examination. Is that the answer you want?

160. Yes, that meets my point.—Of course, the majority of those 227 I should say were included in that 599.

161. The original members?—The original members.

162. (*Mr. Walker Clark*): I suppose a large number of those who fail in the preliminary or intermediate examination try again?—Oh! yes, they may do. I have known people fail as many as 12 and 14 times.

163. Really! And give it up?—I have often felt we ought to admit them.

164. The reason I ask is, that these apparent failures are not actual failures, because they try again and are successful?—The same person is repeated, it may be, several times.

165. (*Mr. Scurr*): Some of these failures are not really concerned with accountancy, particularly in the preliminary examination?—The preliminary is not accountancy at all.

166. They may be taking French?—The object of the preliminary examination is to ensure that we have well-educated persons. For instance, we will not admit people who cannot do arithmetic, or people who cannot spell.

167. (*Mr. Wills*): I see on page 2 of your Memorandum, among the optional subjects, that you include Actuarial Science. As a matter of interest, may I ask the reason?—I am not sure. I think the Examinations Committee are going to drop it; it has been found to be a failure.

168. It seems to be the business rather of the actuary than the accountant?—Of course, in Scotland the accountant and the actuary are the same person, very often.

169. (*Mr. Scott*): The chartered accountant and the actuary are, I should say, quite distinct in most cases.—One of the Societies in Scotland is the Society of Accountants and Actuaries of Glasgow. (*Mr. Scott*): That is so.

The examination of the Hon. G. Colville terminated.

(*Mr. Cash*): My Lord, might I just say this, which I think Sir William would have desired me to say. In the last paragraph of his Memorandum he states: "It is possible that the Committee may consider this Memorandum deals only generally with the subject, but no scheme has yet been seen by me showing what qualifications will be necessary for entry on the Register or what provisions are to be made for education, training and discipline." Then he goes on to say that perhaps the Committee will be kind enough, if there is some definite scheme put forward in that direction, to give us the opportunity of being heard again.

(The Witnesses withdrew and the Committee adjourned.)

APPENDIX A.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

FIGURES EXTRACTED FROM THE STOCK EXCHANGE OFFICIAL INTELLIGENCE FOR 1929.

<i>Number of Companies.</i>	<i>Accounts Audited by</i>	<i>Capital Issued.</i> £	<i>Debenture Capital Issued.</i> £	<i>Total Share and Debenture Capital Issued.</i> £
4,971	Chartered Accountants or Firms of which all Partners are C.A.'s	4,228,015,347	1,367,592,243	5,595,607,590
129	Firms the Partners of which are either Chartered or Incorporated Accountants ..	61,157,365	13,293,384	74,450,749
8	Firms the Partners of which are either Chartered or Certified Accountants ..	1,487,115	—	1,487,115
3	Firms the Partners of which are either Chartered or Corporate Accountants ..	700,508	65,000	765,508
1	Firm the Partners of which are either Chartered or Associated Accountants ..	750,000	—	750,000
19	Firms the Partners of which are Chartered Accountants and other persons whose qualifications cannot be traced	11,614,875	631,840	12,246,715
1	Firm the Partners of which are Chartered Accountants, Incorporated Accountants and Associated Accountants	280,000	—	280,000
28	Chartered Accountants jointly with Incorporated Accountants	18,790,048	1,430,090	20,220,138
7	Chartered Accountants jointly with Certified Accountants	26,639,298	9,876,329	36,515,627
3	Chartered Accountants jointly with Associated Accountants	2,453,961	537,580	2,991,541
8	Chartered Accountants jointly with Firms the Partners of which are either Chartered or Incorporated Accountants	6,783,081	315,700	7,098,781
2	Chartered Accountants jointly with Firms the Partners of which are either Incorporated Accountants or other persons whose qualifications cannot be traced	760,964	41,069	802,033
1	Chartered Accountant jointly with a Firm the Partners of which are either Corporate Accountants or persons whose qualifications cannot be traced	138,235	52,648	190,883
67	Chartered Accountants jointly with Shareholders or persons whose qualifications cannot be traced	106,350,288	60,705,712	227,056,000
5,248		4,525,921,085	1,454,541,595	5,980,462,680
160	Incorporated Accountants	41,134,706	5,270,121	46,404,827
1	Incorporated Accountant jointly with Certified Accountants	3,657,200	1,657,200	5,314,400
12	Incorporated Accountants jointly with Shareholders or other persons whose qualifications cannot be traced	3,691,305	1,251,699	4,943,004
9	Certified Accountants	820,449	2,778	823,227
3	Corporate Accountants	602,500	99,100	701,600
2	Corporate Accountants jointly with Shareholders or persons whose qualifications cannot be traced	577,155	192,967	770,122
3	Associated Accountants	2,864,921	—	2,864,921
1	Associated Accountant jointly with Shareholder or person whose qualifications cannot be traced	146,205	1,930	148,135
79	Shareholders or persons whose qualifications cannot be traced	37,669,223	40,338,189	78,007,412
5,518		£4,617,084,749	£1,503,355,579	£6,120,440,328

N.B.—A considerable number of Companies enumerated in the Stock Exchange Official Intelligence do not give their auditors; they consist principally of Foreign and small Companies and for the purpose of this statement have not been included.

For Appendix B see page 435.

APPENDIX C.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

ANALYSIS of admissions to membership since the grant of the Charter showing reasons for admissions.

Year.	Passed Final Examination.			Without Examination.					Totals.
	Passed Final Examination after 3 or 5 years' service (since 1887 under articles).	Practice or Service in 1882 and Examination.	10 years' practice and Examination Bye-law 35a In force from 1905-7.	10 years' practice Bye-law 35 [repealed in 1904].	Practice since 1877.	Service since 1875.	In practice on Jan. 1st, 1879 and 5 years' practice in all.	Societies. Members of Old.	
1880					131	78	141	590	949
1881					41	171	30		242
1882	13	2			16	40	17		88
1883	31	4			7	43	25		110
1884	35	7			4	24	9		79
1885	46	2			6	26	5		85
1886	78	2			10	28	2		120
1887	126	6			4	42	1		179
1888	64				5	14	7		90
1889	55	2			7	11	7		82
1890	63	2			2	19	6		92
1891	63				2	15	11		91
1892	79	23			2	12	6		122
1893	88	17		0	5	25	4		148
1894	107	9		22	1	10	5		154
1895	90	14		11		9	3		127
1896	107	4		16	2	7	3		139
1897	109	8		25		11			153
1898	125	4		24		4	4		161
1899	151	5		5		4	1		166
1900	114	3		2		4	1		124
1901	161	2		1		1			165
1902	166				1	2	1		170
1903	184	2		1		1	2		190
1904	215	2				1			218
1905	224		2			1			227
1906	226		5						231
1907	212		7						219
1908	178					1			179
1909	241								241
1910	226								226
1911	247								247
1912	219								219
1913	258								258
1914	235								235
1915	153								153
1916	72								72
1917	52								52
1918	66								66
1919	143					1			144
1920	514						1		515
1921	371								371
1922	266								266
1923	362								362
1924	420								420
1925	464								464
1926	513								513
1927	509								509
1928	646								646
1929	610								610
1930	353								353
(to 1st March)									
	10,250	120	14	116	246	605	292	590*	12,242

10,384

1,858

* Some of these must have passed examinations of the Old Societies, but there is no record which shows.

APPENDIX B.

THE INSTITUTE OF CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES.*Extract from the Royal Charter of May 11th, 1880.*

Service under Articles of Clerkship.

12. A person shall not be allowed to present himself for the final examination under this Our Charter unless he has served for five years at the least as a Public Accountant's Clerk or if he shall have graduated in any of the Universities of our United Kingdom for the time being then unless he has served for three years at the least as a Public Accountant's Clerk. And in the case of all examinations held after the expiration of five years or in the case of graduates as aforesaid three years from the time when the first bye-laws made under this Our Charter come into operation service shall mean service under articles to a Member or Members of the Institute.

APPENDIX D.

THE INSTITUTE OF CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES.

The results of the Preliminary Intermediate and Final Examinations for the years 1919-1929 were as follows:—

		Total No. examined. Passed.	
1919 Preliminary Examination	..	496	289
Intermediate do.	..	176	135
Final do.	..	448	308
		—1,120	
1920 Preliminary do.	..	627	355
Intermediate do.	..	421	269
Final do.	..	747	506
		—1,795	
1921 Preliminary do.	..	683	357
Intermediate do.	..	951	698
Final do.	..	492	265
		—2,126	
1922 Preliminary do.	..	716	404
Intermediate do.	..	985	659
Final do.	..	570	304
		—2,271	
1923 Preliminary do.	..	755	451
Intermediate do.	..	907	516
Final do.	..	801	435
		—2,463	
1924 Preliminary do.	..	672	379
Intermediate do.	..	1,040	549
Final do.	..	968	430
		—2,680	
1925 Preliminary do.	..	702	365
Intermediate do.	..	1,200	725
Final do.	..	981	453
		—2,883	
1926 Preliminary do.	..	659	360
Intermediate do.	..	1,208	717
Final do.	..	942	542
		—2,809	
1927 Preliminary do.	..	652	381
Intermediate do.	..	1,174	679
Final do.	..	1,089	647
		—2,915	
1928 Preliminary do.	..	574	342
Intermediate do.	..	1,130	659
Final do.	..	1,119	613
		—2,823	
1929 Preliminary do.	..	603	325
Intermediate do.	..	1,195	646
Final do.	..	1,107	640
		—2,945	

SUMMARY of above years 1919-1929.

Preliminary Examination	..	7,139	4,008
Intermediate do.	..	10,387	6,254
Final do.	..	9,264	5,143
		26,790	15,405

Institute of Municipal Treasurers
and Accountants

(INCORPORATED).

The following are extracts from the report of the Council for the year 1929-30:—

EXAMINATIONS.

Four examinations, Preliminary, Intermediate, Final (Part I) and Final (Part II), were held at seven centres on January 21st, 22nd, 23rd and 24th, 1930, and once more the Council have to report an increase in the total number of candidates, thus establishing a fresh record in the Institute's history. The following table shows the number of candidates at the Institute's examinations during the past five years:—

	1926.	1927.	1928.	1929.	1930.
Preliminary ..	184	200	197	231	249
Intermediate ..	175	189	246	312	376
Final ..	125	138	161	—	—
„ Part I only ..	—	—	—	51	94
„ Part II only ..	—	—	—	54	77
„ Both Parts ..	—	—	—	113	74
Total ..	484	527	604	761	870

The results of the several examinations are set out below:—

A.—PRELIMINARY EXAMINATION.

	Number.	%
Passed ..	89	36
Failed ..	160	64
Sat ..	249	100

B.—INTERMEDIATE EXAMINATION.

	Number.	%
Passed ..	149	40
Failed ..	227	60
Sat ..	376	100

C.—FINAL EXAMINATION.—PART I.

	Passed.		Failed.		Sat.
	Number.	%	Number.	%	
Candidates taking					
Part I only ..	32	34	62	66	94
Candidates taking both Parts ..	23	31	51	69	74
Total ..	55	33	113	67	168

D.—FINAL EXAMINATION.—PART II.

	Passed.		Failed.		Sat.
	Number.	%	Number.	%	
Candidates taking					
Part II only ..	38	49	39	51	77
Candidates taking both Parts ..	29	39	45	61	74
Total ..	67	44	84	56	151

E.—FINAL EXAMINATION.—PARTS I AND II.

	Number.	%
Passed ..	11	15
Failed ..	63	85
Sat ..	74	100

Reference was made in last year's report to the Council's disappointment at the low percentage of passes at the examinations held in 1929, and it was then stated that the whole subject had been carefully investigated by the Council in consultation with the Institute's Examiners. A number of detailed suggestions were referred to a special Examinations Sub-Committee, who also conferred on the matter with representatives of the Joint Committee of Students' Societies.

The Council are glad to be able to report a distinct improvement in the standard of work submitted by candidates at the Intermediate and Final examinations this year, with the result that the percentages of passes are appreciably higher than the corresponding figures for last year. An examination of the actual marks obtained by candidates leads the Council to believe that the higher proportion of passes is accounted for to a considerable extent by the fact that there were this year relatively few candidates who could be described as immature owing to their not having undertaken sufficient preparation. In the case of the Final examination this is due partly also, in the view of the Council, to the fact that fewer candidates have attempted to take both Parts in one year. While the decision on this point must rest with each individual candidate, the Council think that the statistics given are sufficient to show that candidates who concentrate upon one Part have more chance of satisfying the Examiners than those who attempt both Parts at one sitting. While the latter course may be taken in the hope of success in at least one Part, it is unfortunately the case that the result of attempting to cover such a broad field of study is frequently failure in both Parts.

While recognising that an increasing percentage of potential members of the Institute receive exemption from the Preliminary examination on the grounds of having passed a School Certificate or similar examination, and that the candidates for the Institute's Preliminary are therefore drawn from a restricted group, the results of the Preliminary examination this year were nevertheless disappointing to the Council. The standard of work submitted by a large number of candidates makes it clear that many of them will have to pursue their general education seriously if they are to face the Intermediate and Final examinations with any prospect of success. The Council believe that the Preliminary examination represents the minimum standard of education required for persons hoping to obtain the Institute's qualification, and they feel that if proper preparation were made the standard of passes ought to be very much higher.

ABOLITION OF THE PRELIMINARY EXAMINATION.

For some time past the Examinations Committee have had under consideration the question of the Institute's Preliminary examination. In the view of the Council it is essential, in the interests of the service and of the Institute, that those who are qualifying for senior positions should possess a sound general education, and it has been a source of satisfaction to the Council to observe the increasing number of candidates who were exempted from the Preliminary examination by reason of having passed a School Certificate or similar examination approved under the Regulations. The number of examinations so recognised is considerable, and the facilities for taking several of them in a number of centres either twice or four times a year are now such that, in the opinion of the Council, it is no longer necessary for the Institute to continue to hold a separate examination. The Council feel that the conduct of such an examination

lies rather within the province of a general examining body than of a professional association, and as a matter of policy it would prefer to rely upon exempting certificates issued by bodies of recognised standing.

The Council accordingly decided in May last to discontinue holding the Preliminary examination after 1932, and this decision was immediately announced for the information of all concerned. Subsequent candidates for the Intermediate examination will be required to satisfy the Examinations Committee by the production of a recognised examination certificate that their general education entitles them to be allowed to proceed to the Intermediate examination.

Meanwhile the Examinations Committee have, with the approval of the Council, revised the conditions governing exemption from the Preliminary examination where no recognised certificate can be produced. The Committee announced in May last that they would not be prepared, unless altogether unusual circumstances were present, to entertain any such application from a person born in or after the year 1903. A large number of such applications have been received since this decision was announced, but in no case have the Committee felt that the circumstances warranted a departure from their policy. The Committee have considered similar applications from persons born in or before 1902, and have granted certificates of exemption to those applicants who could satisfy them that their general education was such as to entitle them to exemption from the Preliminary examination, but the Committee feel that they are pursuing a policy which will be fully endorsed by the members of the Institute in rejecting all applications where the necessary evidence is not available, or where the candidate appears to have had reasonable opportunities of taking the Preliminary examination during a past year.

ROLL OF MEMBERSHIP.

As the result of the nominations received from members, the Council have elected 287 members of local councils or former chief financial officers to Honorary Membership of the Institute for the current year, of whom 85 appear in the list for the first time. The Council welcome this development.

The following admissions have been made since the last annual general meeting:—

Fellows	..	..	..	12
Associates	..	..	..	37
Students	..	..	..	140

The present membership of the Institute is as follows:—

				On Roll.	Increase.
Honorary Members	..	..	..	287	36
Members—					
Fellows	..	..	..	282	
Associates	..	..	..	387	
				669	13
Students	..	..	..	407	109

ORGANISATION OF THE INSTITUTE.

References were made at last year's Conference during Mr. Johnson's Presidential Address, and during the discussion of the Report of the Council, to the desirability of the Institute's considering and, if necessary, altering its existing organisation. This subject has, notwithstanding the pressure of other work, received the most careful and prolonged consideration by a special Re-constitution Committee and also by the full Council.

The main question of principle involved is whether the Institute should continue as an organisation of individual

members on a professional basis, or whether it would be able to carry out its work more completely and more effectively as an association of local authorities. Under the first alternative, consideration has been given (among other matters) to the relationship of the Institute to the existing associations of local authorities and to other professional societies with similar objects. The second alternative has involved consideration of the place of elected representatives of local authorities in any new scheme of organisation and also the place of such a reconstituted Institute among other associations of local authorities.

After weighing carefully the many arguments that can be advanced for and against either policy, the Council have reached the conclusion that it is in the best interests of the Institute to continue for the present as a professional organisation on its existing basis, and they have accordingly concentrated their immediate attention on endeavours to extend and improve this organisation with a view to making it of the utmost service to local authorities. As negotiations with this end in view are still proceeding, it is impossible to refer to the matter in any greater detail in this report.

INSTITUTE OF MUNICIPAL TREASURERS AND ACCOUNTANTS (SOUTH AFRICA).

The Council reported last year that they were in touch with the recently formed Institute of Municipal Treasurers and Accountants in South Africa who were anxious to establish a link with this Institute by means of some form of affiliation if this should be possible and acceptable.

The Council have from the start watched the establishment of the South African Institute with the greatest goodwill and interest, and their policy has been and, it is hoped, will continue to be one of the closest co-operation with this organisation, coupled with the desire to give any assistance within their power on any matter on which they might be consulted. The Institute sought the advice of their solicitor on the possibility of a legal link between the two bodies, but were advised that the Institute's constitution made no provision for such an arrangement, and that it would therefore be undesirable for the Institute to attempt to enter into an arrangement which appeared to be beyond its powers.

The South African Institute were informed that in view of this difficulty the Institute could not at present suggest the establishment of a legal relationship between the two bodies, but reiterated their desire to work in the closest co-operation with them. They have elected the President for the time being of the South African Institute to Honorary Membership of this Institute, and are in communication with the South African Institute with regard to the possibility of other arrangements for mutual co-operation and assistance.

REGISTRATION OF ACCOUNTANTS.

The Institute was invited to give evidence before the Committee set up by the President of the Board of Trade in February last under the Chairmanship of Lord Goschen to consider and report whether it is desirable to restrict the practice of the profession of accountancy to persons whose names would be inscribed in a register established by law, and, if so, to report on the method by which such register should be established and controlled. The Council accordingly submitted a memorandum of evidence on behalf of the Institute asking for recognition of the claims of members of the Institute to admission to the register if such were established. Evidence on behalf of the Institute was given on May 1st by the President (Mr. Bateson) and Mr. Whiteley.

Correspondence.

INCOME TAX RELIEF CLAIMS.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—I can strongly recommend students of Income Tax to read the lecture given by Mr. A. Goldstein, published in the *Journal* for May, 1930. It contains a great deal of information which they will not find in text books.

I think, however, that the Rule 5 and Rule 6 Schedule B Reliefs, as they are reported, are not made very clear. On page 318 Mr. Goldstein is reported as having said "it would seem preferable to claim Rule 6 than Rule 5." It might be so in certain circumstances, but it is often better to claim both reliefs in two adjacent years. Mr. Goldstein's example seems to hide the fact that Rule 6 is a past relief and that Rule 5 (election to be assessed Schedule D) is a gamble which relates to a future time.

In paragraph 5, page 318, the wording "if Rule 5 is adopted" should presumably be "if Rule 5 had been adopted."

Continuing H.M. Inspector's example, using his figures, and assuming that the accounts are made up annually to March 31st, we have the following position:—

Year to March, 1929. Adjusted profit, £600—which happens to be the Schedule B assessment.

No Rule 6 Schedule B, 1928-29.

No Schedule D election, 1929-30.

Year to March, 1930. Adjusted loss, £500. He is on Schedule B, 1929-30—therefore:—

1. Claim Rule 6, whereby Schedule B is reduced to nil.

2. Sect. 34 claim—repay on £500 other income.

3. 1930-31. Elects to be assessed Schedule D, 1930-31 assessment nil.

Year to March, 1931. Adjusted profits, £700. He is on Schedule D (accounts to March, 1930) at nil. That is, he makes a profit of £700, on which no tax is paid, and naturally he will go back to Schedule B again for 1931-32 on a Schedule B assessment of £600.

I have sent Mr. Goldstein a copy of this letter and invited him to write to you, if he agrees my workings, with a view to clearing up the point.

Yours faithfully,

LEONARD ROSS.

Wellington.

June 18th, 1930.

To the Editors *Incorporated Accountants' Journal*.

SIRS,—Mr. Leonard Ross, F.S.A.A., of Wellington, Salop, has sent me a copy of his letter to you dated the 18th inst., and asked me to write you direct thereon.

I cannot agree that Rule 5 is necessarily a gamble which relates to the future. Provided the accounts of the previous year are made up by June 5th it would be possible for the taxpayer to know whether it would be to his advantage to claim to be assessed for the current year under Schedule D on the profits of the preceding year, or to allow the Schedule B assessment to remain.

The workings sent by Mr. Ross appear to be quite correct, but, of course, it will be realised that examples can be worked out to show just the opposite results.

The only comment I have to make is that accounts to the previous March 31st are not always ready by June 5th,

so that the accountant and his client might not at that date be in a position to decide whether it would pay them to be assessed under Schedule D or Schedule B.

My experience of properly certified agricultural accounts is that these are for 90 per cent. of the cases put in to support a claim under Rule 6, Schedule B; the proportion of persons claiming to be assessed under Rule 5, Schedule D, will, I think, be found to be very small.

Yours faithfully,

A. GOLDSTEIN,

June 25th, 1930.

H.M. Inspector of Taxes.

PUBLIC TRUSTEE'S REPORT.

The following is the twenty-second Annual Report of the Public Trustee on the work of his Department covering the twelve months ended March 31st, 1930:—

1.—The surplus on the year's working is £26,408. This is less than I had expected, the difference being due mainly to (i) the maintenance of the bonus at a higher rate than was anticipated; (ii) some additions to staff, and some improvements in salary scales, rendered necessary, after a long interval, by the steadily increasing volume of work; and (iii) inactivity of investment business during the financial anxieties which attended the winter months.

2.—The number (1,004) of new cases accepted during the year is precisely the same as in last year. Their aggregate value (£13,883,458), including accretions to old trusts, shows a slight increase over last year. More than half of them (560 in all) were under £5,000 in value.

3.—The total number of cases accepted since the Office was instituted is 27,073, of which 9,634 have been completely distributed, leaving 17,439 under administration. The capital value of the funds and lands for which the Public Trustee is now responsible is approximately £220,000,000, the annual income being about £11,000,000.

4.—No substantial administrative changes have been made during the year. The Manchester Branch continues to make progress.

5.—During the year two losses incurred by trusts have been made good out of current revenue. One of these (£248) represented a further liability in respect of a loss incurred during the previous year; the other (£815) arose out of a mistake in 1914 which resulted, under very peculiar circumstances, in a dividend being misrouted for fifteen years. These losses are quite trivial in comparison with the total volume of business, and their smallness, coupled with the almost entire absence of well-founded complaints, indicates that the work of the Office is being done carefully and conscientiously. The administration of trusts seems to become steadily more difficult and complicated.

I am glad to report that an old loss of £1,601 has been recovered in full, and a loss of £4,635 incurred in 1928 has also been recovered with the exception of £50.

6.—The honorary Investment Advisory Committee has met regularly during the year, and I have to thank its members (Sir Robert Kindersley, G.B.E., Sir John Mullens, Mr. R. M. Holland Martin, C.B., Mr. H. A. Trotter and Mr. E. L. Gosling) for their help, which is warmly appreciated.

SUMMARY OF RECEIPTS AND EXPENSES FOR THE YEAR ENDED MARCH 31ST, 1930.

Expenses.

Salaries, wages and allowances	£220,001
Travelling and incidental expenses, including insurances	340
Postages, telephones, &c.	6,463
Rent, maintenance, lighting, furniture, &c. ..	13,390
Rates	5,068
Stationery and printing	3,000
*Audit by Exchequer and Audit Department	3,560
Losses through breach of trust, &c.	1,047
Reserve for pensions	19,100
Total expenses	£272,548

Receipts.

Fees, &c.	£292,054
Amounts recovered in respect of losses incurred in previous years	5,404
Repayment of salaries of staff lent temporarily to other Government Departments ..	388
Miscellaneous credits	1,200
Total receipts	£299,046
Surplus	£26,408

* The greater part of this expenditure is in respect of the audit of trust accounts.

Reviews.

Handbook on Arbitrations. By W. T. Creswell, Barrister-at-Law. London: The Institute of Arbitrators, 28, Bedford Square, W.C.1. (168 pp. Price 6s. net.)

This book has been written by Mr. Creswell at the request of the Institute of Arbitrators. It deals more particularly with Commercial Arbitration, and sets forth very clearly the method of conducting an arbitration and dealing with witnesses and evidence. It is free from unnecessary technicalities, and is therefore suitable as much for the layman as for the practising lawyer. Having dealt first with submissions to arbitration, Mr. Creswell summarises the law applicable in the case of death or bankruptcy of one of the parties, and points out the difference in procedure from that adopted in the ordinary Courts of Justice. A separate chapter is devoted to irregularities and waivers and the delegation by an arbitrator of his duties and powers. Then follow instructions as to making and publishing an award and as to costs and fees, arbitrator's lien, and the stating of a special case for the opinion of the Court. The appendix contains the principal clauses of the Arbitration Act, 1889, and the Administration of Justice Act, 1920, supplemented by forms and the scale of Arbitration Fees approved by the Institute of Arbitrators. Altogether Mr. Creswell has produced a very useful and complete handbook.

Ringwood's Bankruptcy Law. Sixteenth Edition. By Alma Roper, Barrister-at-Law. London: Sweet and Maxwell, Limited, 2 and 3, Chancery Lane, W.C.2. 744 pp. Price 22s. 6d. net.)

This book has been well known amongst accountants for many years. It was originally a condensed summary but has now been extended and made more comprehensive.

Apart from the treatment of the subject under its various heads, the book contains a very useful appendix, including the full text of the Bankruptcy Act, 1914, as subsequently amended by the Act of 1926 and by sect. 9 of the Money-lenders Act of 1927; also the Bankruptcy Rules as amended up to date. Sections have been selected from the Law of Property Act, 1925, the Administration of Estates Act, and other statutes of the same year, in so far as they affect Bankruptcy Law. The appendix also contains the Deeds of Arrangement Act, 1914, as amended by subsequent enactments, and the Deeds of Arrangement Rules, 1925. The book is thus very complete, and the incorporation of the amending Acts into the principal Acts will be found particularly useful.

Examination Note Book for Accountant Students.

Eighth Edition. By E. E. Spicer, F.C.A., and E. C. Pegler, F.C.A. London: H. F. L. (Publishers) Limited, 17, Ironmonger Lane, E.C.2. (336 pp. Price 4s. net.)

The majority of accountant students are probably familiar with the contents of this Note Book. It is a condensed summary of the principal points to be borne in mind in the examination room, and covers the whole field of accountants' examinations, both as regards the accountancy and the legal sides. The book is interleaved with blank spaces for making notes, and contains a large amount of information highly condensed.

Manual of Cost Accounts. Fifth Edition. By H. J. Lunt, F.C.A. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (234 pp. Price 7s. 6d. net.)

The subjects dealt with by Mr. Lunt in this publication include the various classes of costing, viz. Single Costs, Departmental Costs, Process Costs, Terminal Costs and Multiple Costs. The book contains a large amount of useful information on numerous points, together with model forms and rulings, but there is a lack of continuity in showing how the various subsidiary records work up to the final accounts.

District Societies of Incorporated Accountants.

MANCHESTER.

At a recent meeting of the Committee of the Manchester District Society it was unanimously resolved to appoint Mr. Halvor Piggott, F.S.A.A., as Assistant Hon. Secretary to the Hon. Secretary, Mr. Arthur E. Piggott, who has held that appointment since the inception of the Society in 1886. The office of the Hon. Secretary and Assistant Hon. Secretary is 37, York Street, Manchester.

SOUTH WALES AND MONMOUTHSHIRE.

(CARDIFF AND DISTRICT STUDENTS' SECTION.)

On June 4th, a party of 21 members visited the works of Messrs. Cadbury Bros., Ltd., Bournville, Birmingham, arrangements having been made by Mr. R. Wilson Bartlett, F.S.A.A., Newport. The party was received by Mr. W. Wallace Massey, who, with other officers of the company, entertained them to lunch. A very interesting address was delivered by Mr. Massey, and after a charabanc tour around Bournville the members were conducted through the works and the various sections of the sales office. They are indebted to the heads of those sections for explaining in detail the accounting and costing methods adopted.

Changes and Removals.

Mr. T. Cox, Incorporated Accountant, has removed to 4, King Street, Acton, London, W.3.

Messrs. J. Cradock, Walker & McFadzean, Incorporated Accountants, have removed to 104, West George Street, Glasgow, C.2.

Mr. A. H. Jones, Incorporated Accountant, has commenced public practice at 41, Harbour Road, Barry.

Messrs. C. H. Mears & Co., Incorporated Accountants, have removed to St. Paul's Station Chambers, Queen Victoria Street, London, E.C.4.

Mr. A. M. Roy, Incorporated Accountant, has commenced public practice at 122, South Portland Street, Glasgow.

Mr. H. Wilde, Incorporated Accountant, announces that he is now practising at 24, Brazennose Street, Manchester, in partnership with Mr. W. H. Lambert, Incorporated Accountant. The style of the firm will be Wilde, Lambert & Co.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Council of Scottish Branch.

A meeting of the Council of the Scottish Branch was held in Glasgow on the 27th ult. There were present: Mr. W. Davidson Hall (in the chair), Mr. R. T. Dunlop, Mr. E. Mortimer Brodie, Mr. Wm. Houston, Mr. J. T. Morrison, Mr. W. L. Pattullo, Mr. P. G. S. Ritchie, and Mr. James Paterson (Secretary). Apologies for absence were intimated from Mr. D. Hill Jack, Mr. John Bell, Mr. J. Stewart Seggie, Mr. W. J. Wood, and Mr. D. R. Matheson. Reports were made of the position of the Society in Scotland, and of the Students' Societies, and a number of other matters of interest to the members were discussed and variously dealt with.

Glasgow Students' Society.

The Glasgow Students' Society held a golf tournament on June 7th, over No. 2 Lochgreen Course, Troon, in ideal weather. A large number of members participated in the tournament, and the prize-winners were Mr. Campbell, Mr. Dunlop and Mr. Gibb, with net scores of 74, 76, and 81 respectively. The prizes were presented at the conclusion by Mr. A. R. Weir, F.S.A.A., Vice-President of the Students' Society, who also thanked Mr. R. T. Dunlop, F.S.A.A., and Mr. James Paterson, F.S.A.A., for having donated the prizes. The next meeting will be held on July 5th, over Belle Isle Course, Ayr, when it is hoped there will again be a good attendance.

The Accountant of Court.

The Scottish Office states that Mr. James W. Inglis, C.A., who has held the office of the Accountant of Court since

1920, has tendered his resignation. The resignation has been accepted and will take effect from September 24th next.

Solicitors' Balance Sheets.

Two Scottish country solicitors, who have been in practice for twenty years, were examined in bankruptcy last month. Their assets were given as £300, and liabilities £5,296. Since 1916, when one of the partners went to the War, no profit and loss accounts or balance-sheets had been made up. Each partner continued to draw the same amount approximately as before the War, and they just allowed matters to drift.

Hire-Purchase in Scotland.

Attention was called last month in these "Notes" to the scandal of certain aspects of hire-purchase transactions in Scotland, where persons defaulting in their payments were sometimes consigned to prison. The Secretary for Scotland has now appointed a Committee "To inquire into and report on the existing law relating to contracts of hire-purchase in Scotland and with reference particularly to the conditions commonly inserted in such contracts and the sanction of imprisonment by which such contracts may in certain circumstances be enforced." Lord Fleming, one of the senators of the College of Justice, is chairman of the Committee.

THE INSTITUTION OF GAS ENGINEERS.

A conference of the Institution of Gas Engineers was held at Leeds from June 2nd to 6th, 1930.

The Delegates were accorded a civic welcome by the Lord Mayor of Leeds (Councillor N. G. Morrison, J.P.), to which the President of the Institution (Mr. Charles S. Shapley, M.I.Mech.E., M.Inst.GasE.) responded.

The President then moved the adoption of the sixty-seventh annual report and accounts. In the course of his address, Mr. Shapley referred to the grant of a Royal Charter to the Institution in May, 1929, and Armorial Bearings in 1930. He announced the appointment as Secretary of Mr. J. R. W. Alexander, M.A., LL.B., Parliamentary Secretary of the Society of Incorporated Accountants and Auditors, who had shown considerable ability in schemes of reorganisation and administration. The industry was confronted with a serious problem in the shortage of gas engineers with scientific training. The Institution was co-operating with the University of Leeds in the Department of Coal Gas and Fuel Industries, but the number of students was far short of the demand for qualified men to take up positions with excellent prospects.

Incorporated Accountants were represented at the Conference by Mr. E. T. Brown, F.S.A.A. (Wolverhampton), and Mr. T. W. Dresser, F.S.A.A. (Leeds).

The autumnal meeting of the Institution will be held at Incorporated Accountants' Hall, London, on November 25th and 26th, 1930.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases (Scotland)*; S.L.T., *Scottish Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery

Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland; P., President of Probate, Divorce and Admiralty.]

COMPANY LAW.

Bank of Russian Trade v. British Screen Productions.

Duty of a Secretary of a Company.

A secretary was directed to answer interrogatories in an action on behalf of the company to the best of his knowledge, information and belief, and he answered "I say that I do not know. . . ."

The Court of Appeal held that the secretary's answer was insufficient. It was his duty to answer not only according to his knowledge, but also according to his information and belief. It was his duty to make inquiries among other officials of the company to obtain the requisite information from them, if they had it, to enable him to answer the interrogatories to the best of his knowledge, information and belief.

(C.A.; (1930) L.T.N., 472.)

INSOLVENCY.

In re Bush.

Insolvent Estate.

Luxmoore (J.) held that in administrative proceedings where the estate is insolvent, interest on debts carrying interest is only to be allowed at 5 per cent. until the debts have all been paid in full.

(Ch.; (1930) L.J.N., 472.)

In re Harry Fenton.

Set Off.

The Court of Appeal held that so far as cases went, they had decided that a surety was entitled to a right to prove against the principal's estate, provided (a) his liability arose under a guarantee given before the date of the receiving order or winding-up order, and (b) he had in fact paid to the creditor the sum that he sought to set off. No case decided that he could set off his contingent liability as a surety before changing it, by payment to the creditor, into an actual debt due to himself.

(C.A.; (1930) S.J., 387.)

REVENUE.

Inland Revenue Commissioners v. Dalgety & Co.

Dominion Income Tax.

A company controlled from the United Kingdom earned the greater part of its income in overseas Dominions, where it was subject to Dominion income tax. On transmission to the United Kingdom, part of the income was applied in paying interest on debentures, from which United Kingdom income tax was deducted by the company before payment. The company claimed to be entitled to the relief provided against double taxation by sect. 27 of the Finance Act, 1920.

The House of Lords affirmed the decision of the Court of Appeal (see *Incorporated Accountants' Journal*, August, 1929, p. 378), and held that the company was entitled to relief in respect of the whole of such income and not merely in respect of the part not used for payment of the debenture interest.

(H.L.; (1930) W.N., 99.)

Seaham Harbour Dock Company v. Crook.

Government Grant to Relieve Unemployment.

Rowlatt (J.) held, where a dock company had received a Government grant equivalent to half the interest on certain loans to the company for a period of two years, the grant being made to assist the company in carrying out useful work for the relief of unemployment, that the grant was "an annual profit or gain" and was liable to income tax.

(K.B.; (1930) 46 T.L.R., 396.)

THE
lished
Subscr
the wor
Com
paper
Incorp
Account
Cheque
Society
Lett
Secret
accoun
Profess
Premium
What is
Obituar
Society
Coun
Con
Men
Exa
Widow
Correspo
Pre
East An
Lun
Compan
Basis of
Account
New
The Fin
Mr.
Reviews
Changes
Profess
Derating
Graphic
District
Validity
Scottish
Legal N
PART
porate
be fou
held
24th,
invita
of Inc
Sept